

SENATE.

FRIDAY, November 24, 1922.

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

Our Father and our God, we are the recipients of Thy mercy. Enable us to appreciate with confidence in Thee the privileges given unto us. May we live assured day by day of Thy presence and help in all the duties that may come to us. Lead us into the light when darkness may be about us. Help us to an understanding of the ways along which we should travel, and be with us, we beseech of Thee. Through Jesus Christ our Lord. Amen.

CHARLES E. TOWNSEND, a Senator from the State of Michigan, appeared in his seat to-day.

The reading clerk proceeded to read the Journal of yesterday's proceedings when, on request of Mr. CURTIS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

CALL OF THE ROLL.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ball	Glass	Nicholson	Stanfield
Bayard	Gooding	Norris	Stanley
Borah	Hale	Overman	Sterling
Brandegee	Harrell	Owen	Sutherland
Broussard	Harrison	Page	Swanson
Cameron	Heflin	Pepper	Townsend
Capper	Jones, Wash.	Pittman	Trammell
Caraway	Kellogg	Pomerene	Underwood
Culberson	Keyes	Ransdell	Wadsworth
Cummins	Ladd	Rawson	Walsh, Mass.
Curtis	Lodge	Reed, Pa.	Walsh, Mont.
Dial	McCumber	Sheppard	Warren
Edge	McKellar	Shortridge	Watson
Ernst	McKinley	Simmons	Weller
Frelinghuysen	McNary	Smith	Willis
George	Nelson	Smoot	

Mr. GEORGE. I wish to announce the absence of my colleague [Mr. HARRIS] on account of illness.

The PRESIDENT pro tempore. Sixty-three Senators have answered to their names. There is a quorum present.

PETITIONS AND MEMORIALS.

Mr. CAPPER. Mr. President, I ask permission to have printed in the RECORD a resolution adopted by the semiannual conference of the National Board of Farm Organizations held recently in Washington, D. C., protesting against the passage of the Jones-Greene bill. I also ask that it be referred to the Committee on Commerce.

There being no objection, the resolution was referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

[Adopted by the semiannual conference of the National Board of Farm Organizations held in Washington, D. C., October 11-13.]

Whereas it is apparent that the question of granting subsidies to our merchant shipping will soon be brought to a vote in Congress; and

Whereas the farmers of the United States have been traditionally opposed to the granting of such subsidies; and

Whereas the plan embodied in the Jones-Greene bill, which is now under consideration, contains many provisions that are extremely objectionable and would, in our opinion, be detrimental to the best interest of the country as a whole if enacted: Therefore be it

Resolved, That this body record an emphatic protest against the passage of this proposed legislation.

Mr. EDGE. I ask unanimous consent to have printed in the RECORD a telegram favoring the passage of the ship subsidy bill. I also ask that it be referred to the Committee on Commerce.

There being no objection, the telegram was referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

[Western Union Telegram.]

TRENTON, N. J., November 24, 1922.

Senator WALTER E. EDGE,
Washington, D. C.:

Trenton Real Estate Board unanimously indorse ship subsidy bill and urge its passage.

ISAIAH BIRKS, President.

Mr. CURTIS presented a resolution of the Leavenworth (Kans.) Chamber of Commerce, favoring the passage of the so-called ship subsidy bill, which was referred to the Committee on Commerce.

Mr. LADD presented a petition of the Antelope Farm Bureau Association, of Fort Pierre, N. Dak., praying acceptance of the proposal of Henry Ford relative to the operation of the Muscle

Shoals plant, which was referred to the Committee on Agriculture and Forestry.

He also presented petitions of J. P. Parkinson and 22 others, of Willow City; Louis Lehmkuhl and 12 others, of Center; Eva D. Vizina and 7 others, of Williston; John Fink and 21 others, of Dodge; M. L. Forbes and 22 others, of White Earth; Mrs. Ira Heldlebaugh and 25 others, of Pleasant Lake; N. O. Peterson and 32 others, of Turtle Lake; J. K. James and 2 others, of Rolla; Anton Tanberg and 3 others, of Mohall; John Haupe and 31 others, of Medina; J. J. Costella and 18 others, of Cavalier; Walter Ott and 19 others, of Elgin; Mrs. Dan McTucklan and 11 others, of Westhope; Earl Warner and 2 others, of Fessenden; Elizabeth Jones and 8 others, of Fort Rice; Henry Gisleberg and 9 others, of Maddock; Christian Unrich and 18 others, of Glen Ullin; Ludwig Kruckenberg and 8 others, of Stanton; Therisa Sasse and 8 others, of Zap; J. L. Laheck and 9 others, of Zahl, all in the State of North Dakota, praying for the enactment of legislation stabilizing the price of wheat, which were referred to the Committee on Agriculture and Forestry.

BILLS AND JOINT RESOLUTION INTRODUCED.

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SMOOT:

A bill (S. 4064) authorizing the issuance of patent to the legal representatives of Miles J. Davis, deceased; to the Committee on Public Lands and Surveys.

By Mr. WADSWORTH:

A bill (S. 4065) for the promotion of certain officers of the United States Army on the retired list; to the Committee on Military Affairs.

By Mr. NELSON:

A bill (S. 4066) to create a commission to recommend to Congress amendments necessary in order to simplify the pleading, practice, and procedure in certain Federal courts; to the Committee on the Judiciary.

By Mr. BALL:

A bill (S. 4067) to amend the law regarding assessment of real and personal property in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. KELLOGG:

A bill (S. 4068) granting a pension to Linda A. Baker; to the Committee on Pensions.

By Mr. CURTIS:

A joint resolution (S. J. Res. 248) to provide for the payment of salaries of Senators appointed to fill vacancies, and for other purposes; to the Committee on Privileges and Elections.

LIBERIAN LOAN.

The PRESIDENT pro tempore. Morning business is closed. Mr. CURTIS. Mr. President, I ask unanimous consent that the unfinished business be laid before the Senate and proceeded with.

There being no objection, the Senate, as in Committee of the Whole, resumed the consideration of the joint resolution (H. J. Res. 270) authorizing the Secretary of the Treasury to establish a credit with the United States for the Government of Liberia.

The PRESIDENT pro tempore. The pending question is on agreeing to the amendment offered by the Senator from Mississippi [Mr. HARRISON].

Mr. NORRIS. I ask that the amendment may be read.

The PRESIDENT pro tempore. The amendment will be read.

The ASSISTANT SECRETARY. Add at the end of the joint resolution the following additional section:

SEC. 3. That to carry out the provisions of the act of February 17, 1911, "to promote the safety of employees and travelers upon railroads by compelling common carriers engaged in interstate commerce to equip their locomotives with safe and suitable boilers and appurtenances thereto," as amended, as follows:

"For salaries of 35 additional inspectors whose employment is hereby authorized for nine months at the rate of \$3,000 per annum each, \$78,750; for per diem in lieu of subsistence for said inspectors for nine months, \$37,800; for transportation for said inspectors for nine months, \$37,800; for allowances to said inspectors for nine months, \$15,750; in all, fiscal year 1923, \$170,100."

Mr. DIAL. Mr. President, for the main joint resolution establishing a credit such as is contemplated, I can find no constitutional authority whatever. I see no legal obligation and no moral obligation. It does seem to me that it is time that we should look after the people at home instead of trying to extend credits to other countries of the world where we will never collect the money. In my section of the country a great many people have not paid their taxes for last year, much less this year. We are tired of laboring under burdensome taxation.

I can not understand how Senators should so far forget their oaths as to vote for a joint resolution which no one would claim is constitutional. There is no place for such legislation now, and I trust that it will be defeated.

Mr. President, in reference to the amendment proposed by the Senator from Mississippi [Mr. HARRISON] I desire to say that I can see no benefit whatever to be derived from increasing the number of locomotive inspectors; in fact, I do not know that there is any necessity for those who are provided for at the present time. Congress should regain its equilibrium and allow business hereafter to function in its accustomed way. The railroads have their own experts; they repair their engines and they know better than some little Government official whether or not those engines are safe; indeed, they know when the engines come out of the shop as to whether or not they are safe. Not only that, but I should much prefer to trust to the knowledge of the engineer who operates the engine than to some Government official who may go around theorizing about it.

We all know that the railroads owe to the public the highest degree of care. They are responsible not only to public sentiment but they are also financially responsible for any injuries that may occur in railroad transportation by reason of any defect in their instrumentalities. After we have gone through a great tie-up of the commerce of the country, to appoint more locomotive inspectors to bedevil, to hamper, and to harass the railroads in the conduct of their business would be absolutely unwise.

I have no brief to speak for the railroad companies, but I do sympathize with business, and I desire to say that if we do not let people transact their business in a reasonable way, without so much Government interference, after awhile there will be no one to carry on business—there will be nobody to pay taxes.

The enactment of this proposed legislation would tend to diminish the number of engines which might be put in operation; it would retard progress; it would retard the delivery of freight. Some little fellow might go around urging some slight captious objection to an engine with which there is nothing materially wrong and have it sidetracked. How in the name of common sense can such a man know more about an engine than the man who operates it? We need practical people, and it is morally wrong and it is financially wrong to keep on tying up the railroads and worrying them with all this kind of red tape.

I do not know whether the Interstate Commerce Commission recommends this proposed legislation or not, but even if they do I desire to say that I find emanating from governmental agencies a great many impracticable visionary suggestions. I understand that a great many of the railroads are getting tired of operating their property and would be glad for some excuse to hand it over to the Government.

If we shall keep on hampering them and preventing them transacting their business in a common sense way such will be the inevitable result. Then, indeed, it will be a sad day for the taxpayers of this country. I am opposed to Government ownership or operation of any kind of business. We have witnessed a great failure in the shipping enterprise in which we are now engaged; not that it necessarily should be a failure, but the chief man who is operating it operates it so as to make it a failure instead of making it a success. It will be the same way with the railroads when they pass into Government ownership.

Mr. President, it is well to talk about the safety of individuals and the public. Senators may get up here and with maudlin sentimentality talk about the care of the lives of women and children who ride on railroad trains; but who knows that hampering the railroads in the manner proposed would improve conditions? Let us carry that suggestion a little further to its logical conclusion. I expect to see some well-meaning, tender sentimentalist get up here and introduce a bill before long proposing to provide inspectors of automobiles in this country. Such a Senator could make a most eloquent speech suggesting that as the Government appropriates money for the purpose of building highways, that it is most desirable that the women and children be not injured; that accidents should be prevented in traveling on those beautiful highways which we have built; that we know that automobiles will get out of order, and therefore suggest it would be proper for the Government to have automobile inspectors at every crossroad and garage in the country. Such a suggestion might be made with just as much reason as it is now proposed that we have locomotive inspectors; and I do not know that many Senators would oppose such a proposition. I fear not.

It seems to me that we have lost pretty much all the common sense we ever had. We have gone to extremes. We forget that there are taxpayers in this country. I do not know what there is in the atmosphere of Washington to produce that effect, but when legislators come here they seem to forget the trials and the hardships of life; we seem to think that money is just simply printed by the printing presses of the Government, with nothing behind it, and that all Senators and Representatives have to do is to introduce a bill to appropriate money.

I am here now, and I intend to take a new start, and hereafter to oppose the creation of all unnecessary offices and all unnecessary taxation, notwithstanding there is not much encouragement to do so. If we do not pursue a different course, we will be heading directly in the direction of Russia and some of the other countries of the world which can not pay their obligations.

I do not want to warn my fellow Senators; that is a matter for them; but I do say that the people back at home are more aroused than they have ever been about the extravagance of government. I am sorry to say that one can hardly get in a Pullman car or enter a hotel lobby without hearing the expression, "To hell with Congress; its Members are antiquated; Congress is out of date; it is not in harmony with the people."

In all seriousness, I can see no use of encumbering the railroads with this additional and meddlesome restriction, and certainly the Treasury is in no condition forever to have offices heaped up and expense piled up from time to time. I thought after the war we would begin to go back to normal, but it seems that we are determined not to allow expenses to decrease. I am perfectly willing to help any set of men here to try to be reasonable and sane and practical, and I am prepared to vote against all unnecessary expense. I hope that we will wake up, and there could be no better time than at the beginning of this short session to realize the condition of the country.

If we pass this appropriation to Liberia, we will force some taxpayer to enjoin its payment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Mississippi. [Putting the question.] The Chair is in doubt.

Mr. HEFLIN. I ask for a division.

Mr. HARRISON. I call for the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. DIAL (when his name was called). I am paired with the Senator from Colorado [Mr. PHIPPS]. I transfer that pair to the Senator from Missouri [Mr. REED] and vote "nay."

Mr. HARRISON (when his name was called). I transfer my general pair with the junior Senator from West Virginia [Mr. ELKINS] to the junior Senator from Rhode Island [Mr. GERRY] and vote "yea."

Mr. NORRIS (when Mr. LA FOLLETTE's name was called). I was requested to announce that the senior Senator from Wisconsin [Mr. LA FOLLETTE] is unavoidably absent from the Chamber, and that if he were present, on this question, he would vote "yea."

Mr. MCCUMBER (when his name was called). I transfer my general pair with the junior Senator from Utah [Mr. KING] to the junior Senator from Nevada [Mr. ODDIE] and vote "nay."

Mr. MCKELLAR (when his name was called). I transfer my general pair with the junior Senator from Indiana [Mr. NEW] to the senior Senator from Alabama [Mr. UNDERWOOD] and vote "yea."

Mr. TRAMMELL (when his name was called). I have a pair with the senior Senator from Rhode Island [Mr. COLT]. In his absence I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. WATSON (when his name was called). I have a general pair with the senior Senator from Mississippi [Mr. WILLIAMS], but I am informed that if present he would vote as I shall vote. I, therefore, feel at liberty to vote, and vote "yea."

The roll call was concluded.

Mr. HALE. I transfer my pair with the senior Senator from Tennessee [Mr. SHIELDS] to the junior Senator from New Mexico [Mr. BURSUM] and will vote. I vote "yea."

Mr. LODGE (after having voted in the affirmative). I have a general pair with the senior Senator from Alabama [Mr. UNDERWOOD]; but as he would vote as I have voted, I will allow my vote to stand.

Mr. GLASS (when his name was called). I transfer my general pair with the senior Senator from Vermont [Mr. DILLINGHAM] to the senior Senator from Arizona [Mr. ASHURST] and will vote. I vote "yea."

Mr. SUTHERLAND (after having voted in the affirmative). I transfer my general pair with the Senator from Arkansas

[Mr. ROBINSON] to the Senator from Maryland [Mr. FRANCE] and will let my vote stand.

Mr. TRAMMELL. I transfer my pair with the senior Senator from Rhode Island [Mr. COLT] to the senior Senator from Washington [Mr. POINDEXTER] and will vote. I vote "yea."

Mr. CURTIS. I have been requested to announce the following general pairs:

The Senator from Maine [Mr. FERNALD] with the Senator from New Mexico [Mr. JONES];

The Senator from Illinois [Mr. McCORMICK] with the Senator from Wyoming [Mr. KENDRICK]; and

The Senator from New York [Mr. CALDER] with the Senator from Georgia [Mr. HARRIS].

The result was announced—yeas 51, nays 9, as follows:

YEAS—51.

Ball	Glass	Nicholson	Smoot
Bayard	Hale	Norris	Stanfield
Borah	Harrison	Overman	Stanley
Brandegee	Hefflin	Owen	Sterling
Cameron	Hitchcock	Page	Sutherland
Capper	Jones, Wash.	Pepper	Swanson
Caraway	Kellogg	Pittman	Townsend
Culberson	Keyes	Pomerene	Trammell
Cummins	Ladd	Rawson	Walsh, Mass.
Curtis	Lodge	Sheppard	Walsh, Mont.
Edge	McKellar	Shortridge	Watson
Fletcher	McKinley	Simmons	Willis
George	McNary	Smith	

NAYS—9.

Broussard	Frelinghuysen	McCumber	Wadsworth
Dial	Gooding	Myers	Warren
Ernst			

NOT VOTING—35.

Ashurst	Harrell	McLean	Reed, Mo.
Bayard	Harris	Moses	Reed, Pa.
Bursum	Johnson	Nelson	Robinson
Calder	Jones, N. Mex.	New	Shields
Colt	Kendrick	Norbeck	Spencer
Dillingham	King	Oddie	Underwood
Elkins	La Follette	Phipps	Weller
Fernald	Lenroot	Poin Dexter	Williams
France	McCormick	Ransdell	
Gerry			

So Mr. HARRISON's amendment was agreed to.

Mr. HARRISON. Mr. President, on line 17, page 2 of the joint resolution, I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment will be stated.

The ASSISTANT SECRETARY. On page 2, line 17, after the word "resolution," it is proposed to insert a colon and the following proviso:

Provided, That no part of the sum herein authorized to be established as a credit for the Government of Liberia, or any part of the appropriation herein made to carry out the purposes of this act, shall be used for the payment of any commission to any agent, attorney, or commission by the Government of Liberia which may have been or may hereafter be contracted.

Mr. CURTIS. I have no objection to that amendment.

Mr. HARRISON. Mr. President, I have offered this amendment because it is pretty generally understood, I think, that certain persons have a contract with the Government of Liberia that in the event this loan is made they are to receive a fee or commission of \$650,000. It is not a secret that the five persons who have this contract with the Government of Liberia are members of the colored race. They have been very conspicuous around the corridors of the Capitol, buttonholing Senators, and using every influence in order to obtain the passage of this legislation. If the rumors that are flying everywhere are correct—and I hope some one can put us right if they are not—the persons who are to receive this commission and share in the profits of \$650,000 which the taxpayers of America will have to pay are the following:

William H. Lewis, of the city of Boston, a very prominent Republican member of the colored race. He was formerly an assistant to the Attorney General when Mr. Wickersham held that high office.

Emmett J. Scott, who is the secretary and treasurer of Howard University in the city of Washington, and who is generally seen at Republican conventions. He was, as I understand, one of the lieutenants for the manager of Leonard Wood when he was a candidate for the Republican presidential nomination some time ago.

James A. Cobb, of the city of Washington, a well-known colored attorney, who was assistant to the district attorney when Mr. Wickersham was Attorney General.

Another one is a preacher, Rev. Ernest Lyon, of the city of Baltimore, who was formerly minister to Liberia under one of the past Republican administrations. He is at present, as I understand, the consul general to this country from Liberia.

Another is William L. Houston, a lawyer and very prominent colored Republican in Washington, who was recently placed upon the Board of Education by President Harding.

These men, it is generally understood, have a contract for \$650,000 in the event this body is generous and kind enough to-day to pass the Liberian loan. If this contract has not been written, and these facts that are so frequently stated are not true, then my amendment can do no harm; but certainly it should be adopted, so that these commissions shall not be paid or any commission paid in the event the proposed legislation should pass.

Mr. CURTIS. Mr. President, I think the rumor that the Senator has spoken about is like a good many others he has heard of; they originate in his own fertile mind.

Mr. HARRISON. May I ask the Senator if he will agree, pending this matter, to hold it up a few days until we can have a little investigation to see whether or not these charges are true. I have not seen the contract, but we can get these persons here, and we can ascertain the facts. No harm will be done thereby.

Mr. CURTIS. Mr. President, I will agree to the amendment. That will settle the question.

Mr. HARRISON. That is perfectly all right.

Mr. CURTIS. I want to say that all the time this joint resolution was before the Committee on Finance, and all the time it has been here, not one colored man, or, for that matter, one white man, has appeared in its behalf except members of the State Department and the Treasury Department. These rumors are without any foundation whatever.

I have no objection to the amendment, and hope there will not be one vote against it.

Mr. HARRISON. I am certainly thankful to the Senator for his pleasing address and indorsement of the amendment.

Mr. SMOOT. Mr. President, I think the Senator from Mississippi knew that we would accept the amendment before he made his speech.

Mr. HARRISON. No; I did not. I am glad I convinced the Senator, though.

Mr. SMOOT. No; the Senator did not convince me at all.

Mr. HARRISON. The proviso should have been in the original joint resolution, then.

Mr. SMOOT. No one thought of it. I have no objection at all to it.

Mr. HARRISON. That is all right. We are together, then.

Mr. SMOOT. I want to say to the Senator that no colored man has ever approached me at any time about the Liberian joint resolution.

Mr. HARRISON. They knew the Senator would be all right anyhow.

Mr. SMOOT. That may be. Whether the Senator is all right or all wrong is a question of judgment. The Senator believes in recognizing a moral or legal obligation on the part of the Government as well as he does on his own part. I have no objection to the adoption of the amendment.

The PRESIDENT pro tempore. The question is upon agreeing to the amendment.

The amendment was agreed to.

The joint resolution was reported to the Senate as amended.

Mr. HEFLIN. Mr. President, I discussed this question a few weeks ago during the last session of Congress, but I want to say another word before it is finally voted upon, in answer to the statement that this loan should be granted in pursuance of a moral obligation that this Government has to the people of Liberia. I think that suggestion has been exploded by the Senator from North Carolina [Mr. SIMMONS]. The facts show—and this is not a matter of imagination—that certain persons in New York are interested in this loan; that if this money is provided, about \$3,500,000 of it will go to concerns in New York interested in the loan to Liberia.

Mr. SMOOT. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Alabama yield to the Senator from Utah?

Mr. HEFLIN. I do.

Mr. SMOOT. I am quite sure the Senator does not want to make a statement unless he knows it to be true. I want to say to the Senator that the Secretary of State says that all of the \$1,500,000 of bonds that Liberia is now owing is owned in Great Britain and France, with the exception of about \$58,000. If the Senator wants to read the statement of the Secretary, or will let me do so, he will find that that evidence was submitted before the committee of the House.

Mr. HEFLIN. I will ask the Senator a question. How much of this money will be paid to Wall Street for indebtedness on the part of Liberia?

Mr. SMOOT. On the part of Liberia?

Mr. HEFLIN. Yes.

Mr. SMOOT. Fifty-eight thousand dollars is all that Liberia owes America. But it is true that the National City

Bank is acting as agent for creditors in England and France, and that indebtedness amounts to about \$1,500,000. That is the fact in the case.

Mr. HEFLIN. So you contend that about three and one-half million dollars will go to Liberia?

Mr. SMOOT. Yes; to be expended there for the establishment of schools, the building of roads, payment of internal debts, and for improving the rivers and harbors. That is what the money is to be expended for, over and above that which goes to the payment of obligations which Liberia owes to foreign governments to-day. Our Government took the position that they were not going to advance any money to Liberia, and still have foreign governments holding the obligations of Liberia.

Mr. SIMMONS. Mr. President, all of those obligations which the Senator from Utah says are due foreign governments, and which he now claims these New York bankers are merely collecting as agents for foreign governments, were contracted in 1912.

Mr. SMOOT. Some of them before that.

Mr. SIMMONS. They are old debts.

Mr. SMOOT. They are old debts, certainly. There is no question about that. But the Government of the United States was not willing to lend a dollar to Liberia and have a foreign government owning a first mortgage and we a second one.

Mr. SIMMONS. Then the Senator's statement of fact is this, that nearly half of this money is to liquidate debts of Liberia antedating the war.

Mr. SMOOT. A third of it is.

Mr. SIMMONS. And the balance of it is to be used for internal improvements hereafter to be made in Liberia?

Mr. SMOOT. There is no doubt about it. If necessary, I would be glad to tell the Senate just exactly why this was done, why the arrangement was made, and state the moral obligation we are under to-day.

Mr. NORRIS. Will the Senator from Alabama permit me to ask the Senator from Utah a question?

Mr. HEFLIN. I will.

Mr. NORRIS. I will ask two questions. The first one is this: When that part of this indebtedness which is owned abroad, in England and in France, was originally contracted, did these same banks in New York act as agents, did they sell the bonds to those foreigners, or were the bonds bought directly from Liberia?

Mr. SMOOT. They made the loan direct to Liberia. Not only that, Mr. President, but I think some of the bonds are still in Germany.

Mr. NORRIS. I have forgotten all the details, but there were at least two of these amounts—one to cover a floating loan of \$350,000, I think, and some other indebtedness of \$250,000, as to which the statement did not show who owned the indebtedness.

Mr. SMOOT. The statement shows that all the obligations are outside of America, with the exception of \$58,000. I have not a statement as to just the amount of the loans.

Mr. SIMMONS. Mr. President, I will say to the Senator from Nebraska that in the agreement entered into by the Liberian Government and the Secretary of State October 28, 1921, it is stated first:

Two hundred and thirty-three thousand dollars, or such less amount as shall be sufficient to enable the Government of Liberia to pay its internal funded debt—

Mr. NORRIS. Who owns that?

Mr. SMOOT. That is a local obligation, owned in Liberia.

Mr. SIMMONS. It says "internal funded debt."

Mr. SMOOT. Certainly; it is an internal debt.

Mr. NORRIS. It does not follow because it is an internal debt that it is owned in Liberia.

Mr. SMOOT. If it is an internal debt, it would have to be.

Mr. SIMMONS. Second, it was provided—

Three hundred and fifty thousand dollars, or such less amount as shall be sufficient to enable the Government of Liberia to pay its internal floating debt.

Mr. NORRIS. Who owns that debt?

Mr. SIMMONS. Nothing is stated as to who owns that debt.

Mr. NORRIS. Those are the two items I was inquiring about.

Mr. HEFLIN. What was the amount of that floating debt?

Mr. SIMMONS. Three hundred and fifty thousand dollars. Then \$1,650,000 is the debt represented by these bankers in New York. The Senator from Utah says that they have no interest in it but are simply acting as representatives.

Mr. SMOOT. Yes; I say so.

Mr. SIMMONS. I desire now to read what the agreement states about it.

Mr. SMOOT. Does the Senator doubt that the National City Bank is acting as agent for England and France?

Mr. SIMMONS. I do not know anything about it.

Mr. SMOOT. I say they are, and I know that they are.

Mr. SIMMONS. Let me read what the agreement states:

One million six hundred and fifty thousand dollars, or such less amount as may be necessary for the purpose of enabling the Government of Liberia to purchase or redeem all of its bonds now issued and outstanding.

So that they are to pay, first, their funded debt, their floating debt, and all of their bonds outstanding.

Mr. SMOOT. That is true.

Mr. SIMMONS. This continues:

Representing the 5 per cent sinking fund gold loan, due July 1, 1952, under the agreement for refunding loan dated March 7, 1912, between the Republic of Liberia, of the first part, and J. P. Morgan & Co., Kuhn, Loeb & Co., the National City Bank of New York, and First National Bank of New York, acting for themselves and for Robert Fleming & Co.—

"For themselves and Robert Fleming & Co."—

Mr. SMOOT. Yes.

Mr. SIMMONS. And M. M. Warburg & Co.—

and such payments of interest, costs of notices, and other payments or deposits, as well as payments which may be due from the Government of Liberia, under the fiscal agency agreement dated March 7, 1912, between the Republic of Liberia, of the first part, and the National City Bank of New York, of the second part, as shall be necessary to terminate all obligations of the Government of Liberia under all of said bonds or under the agreement for refunding loan or the fiscal agency agreement above mentioned, as shall entitle the Government of Liberia in accordance with the terms of said agreement to the cancellation and destruction of all said bonds held by the fiscal agents in the sinking fund mentioned in said agreements. Advances for this purpose shall be made at such times and in such amounts as shall be determined by the Secretary of State of the United States. It is understood that the Secretary of State of the United States may determine the best method for acquiring part or all of the aforesaid bonds, but in no event shall more than par and accrued interest be paid therefor.

Mr. SMOOT. I do not deny that at all, Mr. President. That is exactly as I stated it was.

The PRESIDENT pro tempore. The Chair desires to ask the Senator from Alabama whether he has yielded the floor?

Mr. HEFLIN. He has not.

The PRESIDENT pro tempore. The Chair recognized the Senator from Alabama.

Mr. McKELLAR. Will the Senator from Alabama yield to me to ask a question?

Mr. HEFLIN. I yield to the Senator from Tennessee.

Mr. McKELLAR. I desire to ask the Senator from Utah who owns these bonds, and what was paid for them by the owners?

Mr. SMOOT. That I can not tell. I can not say who owns the bonds now. I know that British subjects own some, French subjects some, and some were owned in Germany; but I do not know what became of the German bonds.

Mr. McKELLAR. None of these American bankers own them?

Mr. SMOOT. Not a dollar of these bonds—this \$1,500,000 of bonds.

Mr. McKELLAR. If they do not own the bonds, why are they named as the owners in the proposed agreement?

Mr. SMOOT. Because they may have a small amount of the \$58,000. I do not know what the amount is.

Mr. McKELLAR. Should not the State Department furnish us the information?

Mr. SMOOT. The State Department has furnished us a statement of the total amount—\$58,000. That is the amount that comes to America.

Mr. SIMMONS. Why is it stated, I will ask the Senator from Utah—

The PRESIDENT pro tempore. The Chair desires to advise the Senator from Alabama that he can not yield for an argument between other Senators.

Mr. McKELLAR. I am very much obliged to the Senator from Alabama.

Mr. SIMMONS. Mr. President—

Mr. HEFLIN. I gladly yield to the Senator from North Carolina.

Mr. SIMMONS. I simply desire to ask the Senator from Utah why, if these New York bankers have no interest in this, the agreement states that it is made for themselves and as agents?

Mr. SMOOT. They may have a small amount of this \$58,000. I do not know what amount they hold, but the State Department says \$58,000 of the total amount is owing in the United States. The original issue of \$1,500,000 of the bonds was taken in Europe entirely, and the bonds are owned there to-day.

Mr. HEFLIN. Mr. President, the debate which has been going on between Senators discloses a situation very mystifying indeed. The Senate does not know yet who owns these

debts. The State Department says that \$58,000 is owed to people in the United States, so far as the State Department knows. The Senator from Utah himself does not know what interest the National City Bank of New York has in these bonds, or how much commission that bank will get as the agent of the British interests and French interests for collecting this debt. So an agency in New York, having in charge this Liberian matter, is coming to the Senate of the United States to collect a debt due by the people of Liberia to various foreign powers. We do not know how much the debt is. We do know, under the facts which have been submitted, that this Government is under no moral obligation whatever to make this loan to Liberia.

Under the administration of President Wilson this Government offered to aid Liberia under certain conditions. Liberia was to do certain things. Liberia did not do any of those things, and when that administration went out of office and the war was over all that was connected with it was out of date and not binding in any way whatever upon the people of the United States, and I think it amounts nearly to a public scandal that the Congress of the United States is now solemnly about to go on record as favoring taking out of the Public Treasury \$5,000,000 of the taxpayers' money and paying off obligations to New York and to foreign interests, when the people in America to-day are in distress and can not get money enough to carry on their own business at home.

The Senator from South Carolina [Mr. DIAL] has called attention to the fact that there are farmers all over the country who have not been able to pay their taxes for last year, much less this year, and Senators are standing here now about to go upon record as voting to appropriate \$5,000,000 to make a loan to the people of Liberia for no purpose on earth except to pay obligations to concerns abroad and in New York City.

It seems to me that Senators would have profited by what happened to them on the 7th of November, but it seems that the lame-duck brood still lingering in the Senate is to be called upon now in the little time that remains to them to vote \$5,000,000 out of the Public Treasury to pay speculators in bonds and floating debts of various kinds in Liberia.

Mr. President, I do not believe any of those Senators who were up for election would have told their constituents before the 7th of November that they would vote for this Liberian loan. It is simply ridiculous. Why should this Government take \$5,000,000 out of the Public Treasury and make this loan? What excuse is there for it?

Yesterday Senators were telling us that we ought to stay out of foreign affairs, and here you are going into the very Treasury of the people, the strong box of the Government, running your arm up to the armpit to take out millions to loan to Liberia, a foreign country, without any excuse or justification whatever. I can not understand why Senators would advocate such a thing.

I want to say just this before I sit down. There is no moral obligation on the part of the Government to make the loan. There is no excuse or justification in right principle for making the loan. There is nothing to be gained by it from the standpoint of public policy. It is unjust and unfair to do this thing. The American people need our attention. If Senators have not learned yet, they will learn in the next two years that the people are going to take hold of the Government for themselves. We are going to have a housecleaning at Washington. Instrumentalities that used to operate in behalf of the whole people have been taken hold of and are now being used in the interest of a few to the hurt and injury of the many, and we are going out after them to restore them to their rightful uses, and Senators who vote to-day to appropriate \$5,000,000 to make this wildcat loan to Liberia are simply getting ready to join the list of those who on that side went down on the 7th day of November. They are going to have repudiation coming to them. The people ought to repudiate them. Why should the people not do so? This is their Government. If a representative for a business firm were to come back and report that he had done such a thing as is about to be done here with \$5,000,000, that private business would kick him out before the sun went down. Here we are, intrusted with this power on the part of the people, solemnly taking an oath in this Chamber to safeguard the rights and interests of the people, and yet it is proposed here to take out of the Treasury \$5,000,000 for the speculative interests of New York, to satisfy interests here and abroad who are trying to make a collecting agency of the Congress of the United States. Senators, you can not justify a vote in favor of this preposterous thing.

Mr. SMOOT. Mr. President, the necessity of this bill results from one of the legacies left us by the Democratic Party. If there were not a moral obligation on the part of the Govern-

ment to advance the money to Liberia, I certainly would not support the measure and I can truthfully say that it would not be before this body for consideration.

I know of no better evidence as to whether there is a legal or moral obligation than that which has been given to Congress by the Secretary of State himself. I wish that every Senator would read the testimony given by the Secretary. I doubt whether there would be one who would question the existence of a moral obligation on the part of this Government.

Mr. WALSH of Massachusetts. Mr. President, does the Senator mean the present Secretary of State or the former Secretary of State?

Mr. SMOOT. I mean the present Secretary of State.

Mr. POMERENE. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Ohio?

Mr. SMOOT. I yield.

Mr. POMERENE. There is just one question, so far as I am concerned, and that is the question as to whether or not there is a moral obligation. I am not persuaded either way so far as that particular question is concerned. I tried to get a copy of the hearings, but I am advised that they are not available, being out of print.

Mr. SMOOT. I will say that is true. I this morning obtained the file copies of the State Department and have them here on my desk.

Mr. POMERENE. I make this statement as leading up to a suggestion. As that seems to be the point about which the dispute exists, would it not be well to have the bill recommitted, so we could have a reprint of the hearings and give us an opportunity to investigate the subject?

Mr. SMOOT. Oh, no; I do not think so.

Mr. SIMMONS. Mr. President—

Mr. POMERENE. Will the Senator allow me to ask a further question?

The VICE PRESIDENT. Does the Senator from Utah yield; and if so, to whom?

Mr. SIMMONS. I simply want to state to the Senator from Ohio that I intend at a later time to make a motion to recommit the joint resolution.

Mr. SMOOT. I yield to the Senator from Ohio for a question.

Mr. POMERENE. Did the Finance Committee of the Senate have any hearings?

Mr. SMOOT. I do not believe any hearings were had before the Finance Committee. We relied upon the hearings which were held before the committee of the House.

Mr. POMERENE. My information was that there were no hearings.

Mr. SMOOT. I do not think there were any hearings before the Finance Committee of the Senate.

I believe that I had better read a letter signed by Charles E. Hughes, Secretary of State, and directed to the President, dated July 29, 1921, as follows:

DEPARTMENT OF STATE,
Washington, July 29, 1921.

The PRESIDENT:

I beg to submit the following considerations with respect to the proposed loan to the Republic of Liberia:

An examination of the course of the negotiations produces the conviction that commitments have been made by this Government which imposes a moral obligation to make the loan. The negotiations were had and proceeded to the point of an announced commitment at a time when the broad authority conferred in connection with the prosecution of the war was adequate to the consummation of the plan, and the fact that this authority may not be deemed longer to exist, while making it impossible to proceed without congressional sanction, does not, in my judgment, change the fact that assurances were given which should be made good.

Mr. POMERENE. Will the Senator permit me to interrupt him at that point?

Mr. SMOOT. Had I not better read the letter through first?

Mr. POMERENE. Very well.

Mr. SMOOT. That would be the better way.

The history of the negotiations, as they appear from the information at my command, may be stated as follows:

Liberia being at war with the enemies of the United States, a loan credit of \$5,000,000 was extended by the Secretary of the Treasury on September 9, 1918, under the authority of the act of April 24, 1917, "to authorize an issue of bonds to meet expenditures for the national security and defense, and for the purpose of assisting in the prosecution of the war, to extend credits to foreign governments, and for other purposes." On September 12, 1918, the Government of Liberia was notified of the opening of this credit and negotiations were initiated covering the terms, service, and general purposes of the loan. The loan plan drawn up was intended to safeguard the money so advanced by American administration of expenditures and collection of revenues, and also to provide for repayments of all moneys due other foreign creditors. * * * The Governments interested were advised of the opening of this credit. The loan plan for various reasons was not submitted to the Liberian Government until June 15, 1920, and the Liberian Legislature requested certain modifications. It was clearly

understood both by the Liberian Government and by the Government of the United States at that time that there was no question of a withdrawal of the offer of the money already promised, the time when the credit should be made available merely depending on a satisfactory agreement as to details of administration.

Remember, Senators, that was taken up on June 15, 1920.

Relying on the assurance that the United States was ready to enter into a definite agreement, the President of Liberia came to Washington some time ago with other plenipotentiaries to conclude the negotiations. In anticipation of this journey and at the request of this Government, the Liberian Government gave to him and his associates full and necessary authority to conclude the loan plan, and since that time it is understood they have been prepared to sign an agreement providing for the necessary administrative measures adequately to secure the loan.

It should also be pointed out, in appreciating the moral obligation of this Government, that the Republic of Liberia, which had her origin largely through the efforts of American citizens and at various times has sought the aid and counsel of this Government, decided, upon the entrance of the United States into the war, to make common cause with this country and the Allies against Germany. It was largely in consequence of this participation that the economic situation of Liberia was imperiled and that her Government was compelled to make appeal for financial aid. It was in these circumstances that Liberia was assured that the United States, her traditional friend, who had been generous in assistance to the other nations fighting against Germany, would come to her relief.

In view of these circumstances and of the obligation to which they give rise, to which we can not fail to be sensitive, I need not dwell upon the fact that the extension of this loan is highly important from the standpoint of the proper protection and promotion of American commercial interests on the West Coast of Africa. The advantages which will accrue to our people are not to be ignored, although in the presence of the considerations already mentioned they need not be detailed or stressed.

In conclusion, permit me to observe that, apart from any question of our obligation or of any benefits accruing to ourselves, our people have always been especially interested in the welfare of Liberia because of the close relation which its prosperity may be deemed to have to all that pertains to the advancement of the Negro race. The Republic of Liberia has been fostered through American interest, and at this critical time in her history we have opportunity to give a practical expression of our continued solicitude and by coming to her aid in this severe exigency to promote permanent relations of the closest friendship.

Respectfully,

CHARLES E. HUGHES.

The President,
The White House.

Now, Mr. President, unless the Senate wants me to read it, I shall merely ask to have placed in the RECORD a statement of the Secretary of State of date April 19, 1922, before the Ways and Means Committee of the House, in which he gives in detail the situation just as it exists. In that statement he not only takes the position that there is a moral obligation, but, after reciting what led up to the loan, he made this statement:

It was exercised, and I make bold to say to this committee that I do not think there is any question of legal authority that would survive the analysis of argument before any judicial tribunal.

He does not hesitate to say in his testimony and in his letter that there was a moral obligation, and he expresses the opinion that the transaction went so far that any judicial tribunal would hold that it was a legal obligation.

Mr. GLASS. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Virginia?

Mr. SMOOT. Certainly.

Mr. GLASS. May I ask the Senator what the Secretary of State meant, then, if he had the legal authority to do it, by saying that he could not make the loan without congressional action?

Mr. SMOOT. He does not say the legal authority at the present time.

Mr. GLASS. But the Senator is saying for him that he suggests that he had the legal authority to do it.

Mr. SMOOT. Yes; up to the time peace was declared with Germany, and after that he did not have the legal authority. I call the Senator's attention to the fact in his statement the Secretary said that for that reason he has to come to Congress and ask authority; but if he had taken action before peace had been declared with Germany and Austria-Hungary the Secretary said there was a legal right to advance the money.

Mr. GLASS. As a matter of fact, it has not been established here and it can not be established anywhere that there was any legal authority to make loans to fund the indebtedness of Liberia. The only legal authority that has ever existed for this Government to make any loan to any foreign nation was to make loans for the prosecution of the war and for the consummation of the security of this Government.

Mr. SMOOT. And that was what they decided to do, not this administration but the preceding administration, and this administration is carrying out that agreement.

Mr. POMERENE. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Ohio?

Mr. SMOOT. I yield.

Mr. POMERENE. I have listened very closely to the reading of the letter of the eminent Secretary of State. I have

very great respect for his opinion, but I think I can fairly conclude that his opinion is based upon some facts or information that he may have which may not be fully detailed in that letter. I call attention to that for the purpose of strengthening the point I made a moment ago; that it seems to me under all of the circumstances the further consideration of this joint resolution should be postponed until we can have an opportunity to read that record. I hesitate about voting these foreign loans, while at the same time I am pretty jealous of our moral obligations and the duty that we may have under them. If I were called upon to vote now, my vote certainly would not be satisfactory to me, whichever way I should vote.

Mr. SMOOT. I will say to the Senator from Ohio that here, for instance, is a portion of a statement which I expect to put into the RECORD:

Now, what is the basis of a moral obligation? I take it to be a promise on which another has acted. We told the Liberian Government that, assuming that the proper provisions for the protection of the loan were provided, this credit was open.

We went further than that. And now I must refer to a confidential paper which I hope will not be put upon the minutes, but which I think you should closely study, and which is found on page 58 of the confidential print.

After further discussion, that was decided not to be printed in his testimony.

Mr. WALSH of Montana. Mr. President, like the Senator from Ohio [Mr. POMERENE], I listened attentively to the reading of the letter, because I was curious to know how it came about that, although this loan was authorized in the month of October, 1918, upon certain conditions to be observed with respect to its repayment and application, and so on and so forth, it never has been consummated, but was held in abeyance until the treaty of peace with Germany was signed.

I suppose that the advances were not made and the loan was not actually consummated because, not unlikely, the conditions respecting the repayment of the loan and the security and that kind of thing were not complied with.

I did not observe from the reading of the letter exactly what those conditions were and exactly what had been done or what had been omitted to be done with respect to the observance of those conditions. Nor are we advised now, so far as I know, that the terms and conditions have even yet been complied with so that the security which was demanded in October, 1918, has been provided.

Mr. SMOOT. I thought that I could turn to the statement which was made by the Secretary of State in which he outlined some of the reasons why action had not been taken even by the former administration. Mr. President, I now ask that the statement of Hon. Charles Evans Hughes, Secretary of State, which was made before the Ways and Means Committee of the House of Representatives on April 19, 1922, be printed in the RECORD. The copy which I hold in my hand is a file copy, and I shall have to ask the official reporters to be sure to return it to me, because I have to return it to the State Department.

Mr. POMERENE. As I understand, the Senator refers to a file copy of the hearings before the Ways and Means Committee of the House of Representatives.

Mr. SMOOT. It is a file copy of the hearings before the Ways and Means Committee of the House of Representatives.

The VICE PRESIDENT. Without objection, the statement referred to by the Senator from Utah will be printed in the RECORD.

The statement is as follows:

[From hearings before the Committee on Ways and Means, House of Representatives, on House Joint Resolution 270, authorizing the Secretary of the Treasury to establish a credit with the United States for the Government of Liberia, April 19, 1922, part 2.]

CREDIT FOR GOVERNMENT OF LIBERIA.

COMMITTEE ON WAYS AND MEANS,
HOUSE OF REPRESENTATIVES,
Wednesday, April 19, 1922.

The committee met at 10.30 o'clock a. m., Hon. Joseph W. Fordney (chairman) presiding.

The CHAIRMAN. Gentlemen of the committee, the Secretary of State is here this morning and has said that he wishes to get away as soon as convenient.

Mr. Secretary, the committee has before it the resolution providing for a loan to the Liberian Government. Certain gentlemen of the committee would like to hear your statement as to why the loan should be made.

STATEMENT OF HON. CHARLES EVANS HUGHES, SECRETARY OF STATE.

Secretary HUGHES. Mr. Chairman, I thank you for the opportunity of appearing here and to state the considerations which I think ought to prompt us to make this loan to the Republic of Liberia.

I shall greatly appreciate it if you will permit me to make a consecutive statement, which will only take a few minutes, and then I shall be glad to answer any questions which any members of the committee may desire to put.

There are several considerations which seem to me to support the making of this loan. There is the consideration of the good faith and moral obligation as a consideration of this Government. There is

the further consideration of our historical relation to the people of Liberia, and there is also the consideration of the national interests which are involved.

These various points of view are not wholly independent, and they are not to be considered in a way entirely separate from each other. They are all important.

The consideration of primary importance, as it seems to me, is the one I mentioned first. I think it a point of honor that this loan should be made, and I shall briefly endeavor to explain why I think that the question of primary importance—that is to say, the moral obligation of the United States—is involved.

In September, 1918, the executive department of the Government, acting under the authority of the second Liberty loan act, informed the Republic of Liberia that a credit of \$5,000,000 was opened in its favor.

I shall not go into any lengthy discussion of the question whether that action was authorized under the terms of the second Liberty loan act. I am speaking now not of the legal obligation but of a moral obligation, and I take it that the facts which underlie that obligation are not in dispute.

I may say this, however, as to the authority under the act: The act provided that the Secretary of the Treasury, with the approval of the President, for the purpose of more efficiently providing for the national security and defense in the prosecution of the war, was authorized to establish credits with the United States for any foreign government then engaged in war with the enemies of the United States.

Liberia had entered the war, you might say, at the instance of the United States, and came within the description of these governments. Liberia had greatly suffered by reason of her relation to the war.

I notice from a perusal of the hearings that there has been a good deal of discussion in the committee upon that point. I shall not, for that reason, review the matter.

The authority conferred upon the President was a very broad one, and in time of war was not to be rigidly or strictly construed as to what it was intended to be.

I was here in the summer of 1918. I know the tension of that time. I know that through the summer of 1918 there was the greatest fear that the war would be won by the Central Powers. I know this Government was going to the extreme of expedition in providing every possible resource. There is one consideration alone which, from my point of view, justified the President in this action, and puts aside any legal question. Liberia is a great producer of palm oil, and palm oil is essential in the manufacture of munitions. Palm oil is of great importance in connection with the tin-plate industry, and in connection with the soap industry, and a by-product of that industry is important in the making of munitions; and no court in this country would have considered for a moment, in my judgment, any question of lack of authority on the part of the President of the United States to support the Republic of Liberia as an ally in this war, and to make arrangements to secure to the Allies access to that great source of necessary war supplies.

There is not any reason now, in my opinion, why we should consider this was wise or that was wise. This was a matter of discretion vested in the only one to whom, in time of emergency, it is practicable that this broad discretion can be given under our system of government.

It was given. It was exercised, and I make bold to say to this committee that I do not think that there is any question of legal authority that would survive an analysis or argument before any judicial tribunal.

Of course, you will understand, Mr. Chairman; I have no personal interest in this. I am speaking here merely from the conviction that has been produced from my study of the subject.

Now, what was done, however, quite apart from any legal consideration was this: On August 14, 1918, as you will find on page 114 of the hearings, President Wilson stated to the Secretary of State, referring to this loan of \$5,000,000, that he was in sympathy with the representation which had been made. On August 27, 1918, the Treasury Department informed the Secretary of State that the President had approved the establishment of credit in favor of the Liberian Government in the amount of \$5,000,000.

Further formal communication was made on September 9, 1918, to the Secretary of State by the Treasury Department to the same effect. On September 12, 1918, the Secretary of State directed the legation at Monrovia, Liberia, to inform the Liberian Government of the establishment of that credit.

Now, what is the basis of a moral obligation? I take it to be a promise on which another has acted. We told the Liberian Government that, assuming that the proper provisions for the protection of the loan were provided, this credit was open.

We went further than that. And now I must refer to a confidential paper which I hope will not be put upon the minutes, but which I think you should closely study, and which is found on page 58 of the confidential print. [After further discussion off the record.]

A plan was proposed to the Liberian Government which carried the provision for the supervision and handling of this loan. I may say here, incidentally, that this Government has tried to be very careful in the protection of the interests of the Government in case this loan were made, to see that adequate security was obtained and that the repayment of the loan would be properly assured.

The Liberian Government did not like the terms of that plan, and made certain objections. That was within their competency. Because we had offered to grant the loan did not mean that they had to submit to anything that was proposed, and there was correspondence on the point—insistence on one side and opposition on the other side. They did not think that the plan was a fair one. The result was that President King, of Liberia, with a justice of his supreme court and one or two others, came as a special commission to this country to see if they could work out a suitable plan, and I think they arrived just about the time of President Harding's inauguration. It fell to my lot to look into this matter. I considered it, reviewed what had been done, and I came to the conclusion that as we had notified Liberia that this credit was open, as we had asked the British and French to retire and to make no further plans, and assured them that we had an American program here and did not want or desire anything to stand in the way of carrying out that American program, after Liberia had lost her reasonable opportunities in the meantime to enter into negotiations with others, it was our duty to go ahead and make our word good. I thought that to default on one's word in such case would be regarded among business men in private affairs as very sharp practice, and I felt that it was our duty to go ahead, and I so informed the President. I went over the matter with him.

The result was that this matter was taken up by the present administration. Now, there came about this difficulty: Of course, the war being over, considerable time having elapsed, there was no disposition in Congress to make foreign loans, and there had been many speeches, if my memory serves me correctly, in debates upon the floor, indicating antagonism to any further credit to foreign powers. Further than that, what is more important, was that the second Liberty loan act, as amended, put a certain date of termination upon the credits under the act. I refer to the provisions of the amending act, approved April 4, 1918, that the authority granted by this act to the Secretary of the Treasury to establish credits for foreign governments shall cease upon the termination of the war between the United States and the Imperial German Government.

You remember the resolution of March, 1921, and the proclamation made by the President, if I recall the date correctly, July 2, 1921, and it was my opinion that the foundation for a legal authorization had fallen, and that there should be an authorization by Congress; that that was the only safe way to proceed. I do not think that any executive officer after that situation had been created could safely take the responsibility of either advising or paying any money under the original act, regardless of the fact the credit had been opened in the way I have stated. That, however, did not affect the practical situation at all, and I am not now dealing with the legal question. The legal basis, as to this authority, was gone, but the fact is we had told Liberia she could have the money, and told other governments that we were going to let Liberia have the money, and if that legal basis had not failed, that money would have been put up.

Now, I may come to the second consideration, as I wish to pass very briefly over these matters—our general interest in Liberia. This is one point upon which President Roosevelt, President Taft, President Wilson, and President Harding have agreed. There ought to be some presumption in favor of a view which has such an extraordinary concurrence.

In 1909, at the time of the appointment of the commission to investigate matters in Liberia, Mr. Roosevelt, then President, speaks of our historic relation to, and interest in, the welfare of that country.

Then, Mr. Taft, a little later, said the same thing. It was upon that basis, in connection with the relation of Liberia to the war, that President Wilson directed the Secretary of the Treasury to open this credit. The same consideration appealed to President Harding when he reviewed the circumstances.

We have a very deep interest in the welfare of that Republic.

Now, as to the loan plans: I notice in the hearings that there was some discussion about—at least, it seemed to breathe through the pores of the record—that there was some idea that bankers were back of this, that somebody wanted to get their bonds paid off. There is absolutely nothing in that. I have not had a communication in the last year, since I have been dealing with this matter, from a banker or from anyone interested in bonds.

The truth of the matter is this: These bonds are held, the outstanding bonds, amounting to probably \$1,500,000, which are to be retired under this plan—and I will speak in a moment of the reason for retiring them—they are not held by Americans or by anybody that would be interested in the influencing of this Government. I understand that there are about \$58,000 of the total of \$1,500,000 held in this country.

Mr. MILLS. I got the figures in New York, and there it is estimated that they are \$10,000.

Secretary HUGHES. I know, and I was going to say in a moment that that was my personal information, that it was only about \$10,000; but my record information, the only thing that I am entitled to state to this committee, is that it is approximately \$58,000. Personally, I believe it to be much less.

There is a considerable amount held in England; a considerable amount held in Holland; a considerable amount held in Germany; widely distributed among private investors.

It is quite obvious that we can not as a Nation enter into the plan with respect to Liberia and be in the position of a second mortgage. We can not go into that and leave this so-called international receivership outstanding. If we go into it, we should go in and clean up the outstanding loans; that is, go in just as any business man would go into an enterprise of that sort with his rights secured by a first lien and with nobody to question his supervision, because it is important that there should be very close supervision there.

If I may say to the committee, I do not think that the provisions we have put into this agreement to secure us ought to be less effective than they are. Those provisions make sure that everything will be done in the way of supervision which will be necessary to secure the results we want to see obtained, and I do not think that provisions of the agreement go beyond that. I hope you will think it is adequate for that, but we can not afford to go in without cleaning up the loans that are already outstanding and have the others withdrawn from the participation in the existing receivership and have a new organization of Americans designated by the United States, appointed, of course, by the President of Liberia, who will have the sole supervision.

Now, of course, I do not think that the margin is very great between what these bonds are held at in the market and what will be paid for them at par under this plan. That sort of thing is inevitable, but it does not mean that there has been any attempt to influence this transaction or that anybody else has had anything to do with this plan for their personal advantage.

Nothing has arisen or come to the attention of the State Department of that sort in any way, shape, or form. This is a business proposition. I feel that we should make this loan.

We should not make this loan unless we go in there with a first lien adequately protected. We can not get that unless we pay the others off.

I also wish to say this, that to which I have already adverted, I will say for the record that the consequences of a failure to give this authority, from my point of view, which, of course, with all deference, I merely submit for your consideration, would be lamentable in the first place with respect to the position of the United States before the world, not only before Liberia, but before the world.

Next, it would be most lamentable for Liberia and, third, it would forfeit to the United States an opportunity which ought not to be held as the chief motive in entering into this enterprise, but which we can very properly consider an opportunity which confers without prejudice to the interests of the people of Liberia certain natural advantages from the association which the making of this loan would create.

I thank you very much for permitting me to come before you.

The CHAIRMAN. Are there any members of the committee that desire to ask the Secretary any questions?

Mr. FREAR. I should like to ask a couple of questions, which you may answer outside the record if you care to do so. And I think it is proper to say that we will accept your opinion above that of anyone else upon this question.

From September, 1918, to November, 1920, the time that the loan was withdrawn by the Government, a period of over two years, could you tell the committee what occurred in reference to this credit during that time? The record does not seem to indicate fully, and I thought possibly you had the information.

Secretary HUGHES. During the first year of that period you will find what took place stated in Secretary Lansing's letter, which is a confidential communication, which I read.

Mr. FREAR. That is the one you read to the committee?

Secretary HUGHES. Yes; he states what had been done during that time. Then a plan was developed and submitted to Liberia. That was discussed by them, and they were opposed to it. That took the remaining period to which you refer.

Mr. FREAR. That is, during two years?

Secretary HUGHES. Yes.

Mr. FREAR. There is one other question that occurs to me. One and a half million dollars of the amount to be loaned will practically cover the liability of Liberia. They have founded this claim on the agreement of the President during the war to extend a credit of \$5,000,000. At this time what is the necessity for extending a credit of \$5,000,000 unless Liberia has been put to some disadvantage by reason of the credit, in view of the fact that only \$1,500,000 will cover their indebtedness? Of course, some additional amount, I assume, will be necessary; but why place the amount at \$5,000,000?

Secretary HUGHES. Well, there is a reason for the loan being in excess of the \$1,500,000, and this is the reason: We are not obliged, and the United States should not desire, to make this loan merely to take up the other loans. That is only a condition precedent, and it is a necessary preliminary to undertaking the thing that has to be done. The loan is for the purpose of resuscitating Liberia. They have not got their public works, their roads, and can not develop their resources. They largely lost, during the war, their trade. They were impoverished. We would not make any loan at all to them, as a business proposition, until we could see that there would be resources developed, and that sufficient resources would be developed to give reasonable results.

Now, of course, as I explained a moment ago, the payment of this first loan, the existing loan, is necessary to get into position to help them. The question is, how much money is needed after they get in that position to accomplish results?

We have studied the general proposition—

Mr. FREAR (interposing). I was going to say that the committee has read the general purposes contained in the report. There is one other question that I want to ask. What would be the effect of this proposition as a precedent for claims upon the Government for loans by other Governments?

Secretary HUGHES. I do not know of any case like this. I do not know of any case for which this would be a precedent. I think that our relations with Liberia are such, and we have offered to loan them under such circumstances, that in view of the present difficulty and of what we have told other Governments there has been created a unique situation. I think that I know the relations of the United States to every other Government, and I do not think that there is one which this would furnish a precedent by which we could be called upon to make another loan.

Mr. TREADWAY. May I ask one question in connection with those of Mr. FREAR?

The CHAIRMAN. Yes.

Mr. TREADWAY. I judge from your statement that you did not consider, Mr. Secretary, the fact that Liberia declined the conditions made by Secretary Lansing in 1918 or 1919, and the fact that she declined those conditions, would in any way renew our moral obligations?

Secretary HUGHES. No; that declination was immediately followed by the resumption of negotiations to secure other terms. We continued in treaty with her.

Mr. TREADWAY. It did not conclude the agreement President Wilson made to make the loan?

Secretary HUGHES. Oh, no. It merely led to their sending a commission, sending their President over here to thrash out these difficulties, and in that way succeed. And we have gotten their signature to a more comprehensive plan at the present time than before. Of course, we were governed somewhat in that by the conditions that intervened. But the negotiations continued.

Mr. GARNER. Mr. Secretary, when did Liberia enter the war?

Secretary HUGHES. In 1917. I have forgotten the time—August, I think.

Mr. GARNER. August, 1917?

Secretary HUGHES. Yes.

Mr. CRISP. Was it not 1918, Mr. Secretary?

Secretary HUGHES. No; I think it was 1917.

Mr. GARNER. And this credit was created then?

Secretary HUGHES. In 1918.

Mr. GARNER. This loan was authorized in 1918?

Secretary HUGHES. Yes.

Mr. GARNER. Liberia's interest in this war was really to benefit Liberia, was it not?

Secretary HUGHES. Well, I should think that one would have to be a very close judge of benefits and disadvantages in order to pass judgment upon that. I should say that Liberia was in a terrible plight, and we wanted her cut off from the Central Powers; we wanted her cut off from any opportunity of their utilization of its resources in carrying on the war.

Mr. GARNER. Well, when Liberia declared war she was in a very precarious condition with reference to trade matters?

Secretary HUGHES. Yes.

Mr. GARNER. And she entered the war and thereby got the benefit of having the Allies purchase her palm oil and other necessary articles?

Secretary HUGHES. Yes.

Mr. GARNER. But she did not contribute either men or money to the Allies for the conduct of the war?

Secretary HUGHES. Her contribution was that the Germans were shipped out of the country. The Allies had a complete opportunity for utilization of her resources. She was absolutely denuded from the standpoint of resources and revenue, and in that plight some help was necessary, and the United States said, "We will give it." Then we said to Great Britain and France, "Now, we are going to handle

this," and then long negotiations resulted by which that arrangement was made.

The conditions to which you refer were the conditions which led to the United States pledging its credit.

Mr. GARNER. I merely want to get the idea of our moral obligation. I think you will agree, probably, that the purpose of Congress at the time they authorized the loaning of money to the foreign countries was that they might contribute to the success of the war.

Secretary HUGHES. Well, Liberia did.

Mr. GARNER. And giving money at this time to the development of the Republic of Liberia undoubtedly will not contribute to the success of the war.

Secretary HUGHES. If you will look at the matter from the standpoint of August, 1918, consider the condition that we were in then, the control of the resources of Liberia could be regarded as just as essential to the effective prosecution of the war as that which attended the development of a railway to reach spruce out at Olympia, or anything else that was done.

Indeed, anybody looking at the situation then with regard to the manufacture of munitions and not knowing when the war would terminate would very naturally have reached the conclusion that was reached. It was not a question at all whether Liberia could furnish men, but that was a strategic point. That was a place with resources which should be conserved for the benefit of the allied arms.

Now, may I say that on the question of legal authority on the part of the President, Mr. Wilson, it is necessary merely to find whether that was a possible point of view on his part, and not whether it was the point of view of anyone else.

Mr. GARNER. Well, admitting that he had the legal right—and whether he had or not he assumed that legal obligation, that right, when he authorized the loan—but the Treasury Department was in such doubt about it that the Secretary asked the President to give special authority?

Secretary HUGHES. Yes.

Mr. GARNER. Indicating that there was some doubt. Anyway, the Treasury did not want to take that responsibility.

Secretary HUGHES. Well, the President did take it.

Mr. GARNER. Yes, Mr. Secretary. Do you consider the correspondence in your office in the matter of making loans to foreign governments a moral obligation on the part of Congress?

Secretary HUGHES. I consider the direction of the President of the United States and the act of the Secretary of the Treasury authorizing the Secretary of State to inform foreign governments of the opening of the credit, and the action in reliance upon that, created the highest possible moral obligation, certainly when that action was taken under an act of Congress which had given that authority.

Mr. GARNER. In other words, if your office should negotiate with foreign governments with reference to a loan to any particular government, you would consider that a moral obligation on the part of Congress to appropriate the money?

Secretary HUGHES. That is as far from what I said as the east is from the west. I said nothing which would permit of such an inference, with all deference. I was considering a case where the President had acted under the authority of Congress, believing undoubtedly he had authority to act, authority couched in general terms; and I think that he certainly felt that he was basing his judgment upon the fact that the action was needed, and, after the Secretary of the Treasury had also acted under that authority, under the same authority of Congress, and the Secretary of State had communicated this to foreign governments, this action authorized by our own legislation in time of war created a moral obligation to make the promise good.

Now, that is as far from any suggestion that we can create an obligation by negotiating loans—which, by the way, we do not undertake—that I would not discuss it.

Mr. GARNER. You base your statement upon the moral obligation that the loan was already authorized, the lending of this \$5,000,000, in 1918?

Secretary HUGHES. Well, I would say that I base it upon that and the fact that it was communicated and relied upon and was an announced program to other governments and was the basis on which they withdrew from negotiations.

There is nothing like it in any other case.

Mr. GARNER. If the Congress should disagree with the President as to his legal authority to make this loan, would the Congress then be morally bound?

Secretary HUGHES. The Congress must be its own judge of its moral obligations.

Mr. GARNER. Well, you stated, and if you were a Member of Congress—I will put it very clearly—if a Member of Congress investigated this matter and came to the conclusion that the President was not authorized under the Liberty loan act to order this credit of \$5,000,000 to Liberia, would he be morally bound to support this bill?

Secretary HUGHES. Well, I do not think that his conviction as to the lack of authority of the President could in any way dispose of the question of moral obligation. He would first have to consider whether that was merely arbitrary action on the part of the President or whether he believed that it was taken in good faith, assuming that authority existed. He would have to consider whether there was a reasonable basis for that judgment on the part of the President. He would necessarily have to consider the light in which this country would be placed when this country, through its President and its executive officers, had acted and communicated that action through diplomatic channels to the other Governments, and he would be presumed to know that a question of legal right and a question of moral duty are not the same.

Of course, you can never settle a question of moral duty by a mere question of legal right. If you could, there would be no distinction between a legal and moral obligation.

We are dealing here in a forum of honor. Now, in that forum you have nothing to guide you but your individual conscience, as I think you appreciate.

I submit that these are my convictions, and that this is a point of honor. I can do no more than state it.

Mr. FREAR. Mr. Secretary, from your study of the record, do you think that when President Wilson acted in creating the \$5,000,000 loan it was for war purposes only, or do you think that it was for the payment of these indebtednesses which had been incurred before, and for exploitation as well as the conduct of the war?

Secretary HUGHES. I do not think that it had anything to do with the payment of existing indebtedness, except as that was a necessary preliminary to giving the help which he thought ought to be given.

Mr. FREAR. You think that it had nothing to do with the proposed method of exploitation?

Secretary HUGHES. The loan—I think I should not use the word "exploitation," because that is a word which is susceptible of different meanings, a good and a bad—

Mr. FREAR. I mean the better.

Secretary HUGHES. I think that the President had in mind the economic rehabilitation of Liberia, but I do not think that the President is justified in loaning money on that alone, and it must be assumed, consequently, under our system of government, that he believed that that would be a very effective method of prosecuting the war. He tried to put it on a sound basis, and the mere fact that the money was to be used for the economic rehabilitation of a country which could be an effective ally would not detract from the authority to make the loan. But that, as I said a moment ago, is not the whole consideration when you come to look at the situation which has been created by the fact that the loan was authorized, that these negotiations were continued, and that we stand before the world as having promised this \$5,000,000, of having said we would do this thing. We go ahead and proclaim to the rest of the world that we would help this country, in which we have said for generations that we had a special interest, and then, in the language of the street, we "duck" it.

Mr. CRISP. Mr. Secretary, have you any figures as to the total amount of indebtedness of Liberia, bonded and floating, that this loan was to pay, such indebtedness having arisen even before the European war started?

Secretary HUGHES. I think that you will find those figures in this statement, in the record of the hearings, at page 47. You will find the various items of floating indebtedness, and, running over to page 48, you will find a list of small items. The total is \$2,189,000, which I understand was the amount. This is the amount of the present indebtedness.

Then the rest of the purposes of the loan are indicated in the items stated below that.

Mr. CRISP. Now, Mr. Secretary, there is one other question. As I understand, the population of Liberia is partly civilized and partly uncivilized. How many are civilized?

Secretary HUGHES. About 60,000.

Mr. CRISP. Do you know how many others there are?

Secretary HUGHES. About 2,000,000 in all.

Mr. TILSON. Mr. Secretary, I would like to get your opinion as to whether the terms upon which this loan is proposed are such as to reasonably assure us that it will be wisely spent for the proper development of Liberia.

Secretary HUGHES. Those things were all very carefully gone over in the State Department and then submitted to the Secretary of the Treasury, and his letter reporting upon the plan is in the record of the hearings. It was gone over from the point of view of assuring to the utmost extent that we should have the necessary supervision; and, of course, while some of those features were not popular with the Liberians, we felt that when we came to this point we could not afford to be placed where we would not have the security which would protect us.

Mr. TILSON. Then, as to the repayment of the loan, do you regard the conditions upon which the loan is made are such as to justify us in the belief that this loan is a good loan in a business sense?

Secretary HUGHES. I think it will be; yes. I think it will be a good loan, both in the direct sense and in the indirect sense.

Mr. OLDFIELD. Has a contract been drawn up between our State Department and the Government of Liberia, giving the terms of the loan?

Secretary HUGHES. That is in the record.

Mr. OLDFIELD. That is in the record?

Secretary HUGHES. Yes, sir. Now, I will tell you what was done. When Mr. King, the President of Liberia, with his commission, was here, we had a plan prepared which you will find in the record of the hearings, beginning on page 124, a plan for this loan, and we had it signed up by the representatives of Liberia, subject to the approval of Congress; that is, subject to the authorization for making the loan, so that the thing is all done so far as they are concerned. They are committed, so far as that is concerned.

Mr. OLDFIELD. What is the date of that contract, if you have it there?

Secretary HUGHES. It is in the record. It was dated October last.

Mr. MILLS. They have never defaulted on any of their bonds, have they?

Secretary HUGHES. I think not.

Mr. HAWLEY. Mr. Secretary, your judgment is that this is a matter that should be handled under contract with Liberia rather than with a treaty?

Secretary HUGHES. Yes, sir; it is a loan contract.

Mr. HAWLEY. Would we enter into such an arrangement with a larger country, like England—

Secretary HUGHES. We have.

Mr. HAWLEY. Where we would go into and develop the country and also take charge of their Government, so far as the collection of the taxes are concerned, in paying their employees as well as our own?

Secretary HUGHES. Those conditions, of course, do not apply in the case of other countries. We are going to do that in order to insure that they get the benefit of the loan and to meet a necessary situation, which, of course, would not exist elsewhere.

Mr. GREEN. Mr. Secretary, there is just one other thing with reference to the practical question that the committee finds in the way of the passage of this bill. You spoke of the opposition in Congress to further loans. I feel somewhat like the State Department may have underrated that opposition. We had so much difficulty, even under the conditions which we presented in a most pitiful situation with reference to Austria, where we were not advancing a single cent or not releasing anything of any value to this country in the passage of that bill, that the committee feels very strongly this opposition.

Secretary HUGHES. I can well understand that; but, on the other hand, my duty and obligation end in presenting to the Congress through the committee what I believe to be the essential facts, and I can not bring myself to believe that under the circumstances of this particular and important situation Congress would not realize how deeply the honor and the good faith of the United States are involved.

The CHAIRMAN. Gentleman, if that is all—

Mr. CRISP (Interposing). Mr. Chairman, in view of the confidential nature of this subject, in the preparation of the record, when the proof is prepared I would suggest that it be submitted to the Secretary, and let him strike out such portions as he sees fit.

Secretary HUGHES. I thank you very much. Of course, I do not want to hold anything back from the Members of Congress, but many of these things got across the 3-mile limit.

Mr. CRISP. I understand that thoroughly.
(Whereupon the committee adjourned.)

ADDENDA.

THE WHITE HOUSE,
Washington, April 1, 1922.

Hon. JOSEPH W. FORDNEY,
Chairman Ways and Means Committee.

MY DEAR CHAIRMAN FORDNEY: I have just learned that the Ways and Means Committee has informally decided to defer action for a couple of weeks in dealing with the proposed loan to the Republic of Liberia. I most heartily approve of the thought of the committee to fully understand the uses to which the loan is to be applied, and it is quite proper that Congress should be assured that there is abundance of security. Surely this information can be given to the committee in the most satisfactory manner without great delay.

My understanding is that the committee was furnished by the State Department with full information as to what application of the funds the Government of Liberia desires to make. These purposes were approved by the State Department in its conferences with the Liberian Plenary Commission. There seems to be no doubt about the loan being perfectly safe as a financial proposition, and arrangements are agreed upon to make certain of the payment of interest and the redemption of the principal. If there is a lack of satisfactory information, I am sure the State Department would be more than pleased to make a speedy response to any inquiry on the part of the committee.

The simple truth about this loan situation is that our Government is unable to deal with the Republic of Liberia in that good faith which is becoming a great Republic like ours. This loan was pledged to the Republic of Liberia by the previous administration, and the funds would long since have been furnished that Government except for the delay incident to the making of arrangements to guarantee its wise expenditure and certain repayment. Pending these arrangements our Government has stood in the way of the grant of the loan by any other nation, and we find ourselves in the position of denying financial assistance from others and unable to keep faith in the pledges made for ourselves. I do not believe your committee or the Congress wishes to put the Government in this position. I wish you would place the matter before the committee, so that we may have the earliest possible decision.

Very truly yours,

WARREN G. HARDING.

DEPARTMENT OF STATE,
Washington, April 5, 1922.

MY DEAR MR. FORDNEY: I have received your letter of April 4, 1922, with reference to the resolution to grant a loan credit of \$5,000,000 to Liberia, now before the Committee on Ways and Means, upon which action has been postponed.

It is very gratifying to learn that you are personally in favor of this loan and that at your request further consideration of the resolution was merely postponed for two weeks rather than indefinitely, as proposed in the committee.

The matter of granting this loan to Liberia is regarded as of such importance as to move me earnestly to urge the Committee on Ways and Means to take prompt favorable action on the resolution as soon as possible. I am fully convinced that this Government has made commitments which have placed it under a moral obligation to make this loan. The origin and nature of this obligation is, I feel, completely disclosed in the documents already transmitted to the committee and included with the printed hearings on this question.

It should not be forgotten that Liberia made common cause with this country and the Allies in the war against Germany, and largely as a result of this action so imperiled her economic situation that her Government was compelled to appeal for financial assistance. In response to this appeal a loan credit of \$5,000,000 was extended by the Secretary of the Treasury on September 9, 1918, pursuant to an act of April 24, 1917, "to authorize an issue of bonds to meet expenditures for the national security and defense, and for the purpose of assisting in the prosecution of the war, to extend credits to foreign governments, and for other purposes."

Because of unavoidable delay, a plan to control the application and administration of this credit was not submitted to the Liberian Government until June 15, 1920. Certain modifications were requested in this loan plan by the Liberian Legislature, but there was no question of the withdrawal of the offer of the money already promised, the time when the credit should be made available merely depending on satisfactory agreement as to details of administration.

Such an agreement was concluded on October 28, 1921, with the Liberian Plenary Commission, which came to Washington for that purpose. President King, of Liberia, was the head of this commission. The loan arrangement was laid before the Liberian Legislature at its last session by President King, and that body approved the plan without change on January 23, 1922. The terms of this loan plan are now publicly known in Liberia, and those European countries interested in Liberian affairs, as well as in the United States. While the broad authority conferred in connection with the prosecution of the war may have been considered adequate to the consummation of the plan, the fact that this authority may not be deemed longer to exist, although making it impossible to proceed without congressional sanction, does not alter the fact that assurances were given which should be fulfilled.

Failure to grant this credit would not only display an unfortunate indifference toward our moral obligation in the premises but also it would undoubtedly react disastrously upon the welfare of Liberia and reverse the policy of disinterested helpfulness which has characterized the attitude of this Government toward that Republic throughout its history.

The information furnished the committee as to the uses to which Liberia desires to put the loan is entirely reliable. These uses were determined by the Department of State in conjunction with the Liberian Plenary Commission after extended conferences. Every item was given careful consideration, and the proposed expenditures for public works were based on reliable estimates by competent American engineers.

The department is also satisfied that the loan is a sound financial venture and that the resources and revenues of the Republic under normal conditions and proper administration are adequate to meet the

administrative expenses of the Government of Liberia as well as to carry the interest and repay the principal of this loan.

These observations are made with the hope that they may be serviceable to the committee in reaching a full understanding of this matter and facilitate action on the resolution.

Sincerely yours,

Hon. JOSEPH W. FORDNEY,
House of Representatives.

CHARLES E. HUGHES.

DEPARTMENT OF STATE,
Washington, April 17, 1922.

MY DEAR MR. FORDNEY: Referring to my letter to you dated April 5, with regard to the urgency of the matter of reestablishing the \$5,000,000 credit for the Government of Liberia, I have to advise you that the department has just received additional information by cable from President King of Liberia that, due to the prolonged delay in securing financial aid, a very serious financial crisis confronts the Republic.

I am also informed that the current financial arrangement under which the Government was being advanced sums for administrative expenses comes to an end this month on account of the exhaustion of the credit upon which it operated. The Government is therefore gravely embarrassed.

In view of these circumstances the President of Liberia has urgently requested this Government to make some definite expression as to when the financial assistance requested may be expected.

I am so thoroughly impressed that we should fulfill without further delay the moral obligation of this Government to reestablish the credit that it seems necessary to call these recent developments to the attention of the Committee on Ways and Means in keeping with your recent request for information. Unless prompt action is taken on the credit for Liberia, events seem sure shortly to develop into a situation with grave consequences for the Republic.

Any information you may be able to furnish me as to the progress the matter of granting this loan credit is making will be highly appreciated.

Sincerely yours,

Hon. JOSEPH W. FORDNEY,
House of Representatives.

CHARLES E. HUGHES.

Mr. POMERENE. I desire to ask the Senator from Utah a couple of other questions in regard to this matter. The agreement to which the Senator from Montana [Mr. WALSH] referred a moment ago was made, as I recall, in October, 1918. The statement was made on yesterday that the Liberian Republic had no army or navy and that it had furnished no troops, as I recall. I drew the inference, therefore, that whatever was done with respect to this loan was for the purpose of securing the fund for purposes other than war purposes. The Secretary of State, Mr. Hughes, refers to the fact that the Liberian authorities, relying upon this conditional agreement, had made certain commitments. What were those commitments?

Mr. SMOOT. I think one of the commitments was that they should pay the obligations owing to foreign governments.

Mr. POMERENE. But many of those obligations were not yet due.

Mr. SMOOT. Oh, yes; some of them were due; in fact, I think most of them were overdue.

Mr. POMERENE. But the statement which was read this morning indicated that some of those bonds will not be due until 1952.

Mr. SMOOT. That is true only as to a small part of them, I will say to the Senator from Ohio. The loans were made in 1912.

Mr. POMERENE. Then, it all resolves itself into this: The Liberian Government had a proposition from the United States Government to the effect that the United States would make a certain loan to the Liberian Government provided that Government complied with certain conditions, and those conditions have not yet been complied with. It would seem, from the statement which the Senator from Utah has made, that with this conditional proposition before them the Liberians went to some of their creditors and suggested that when they got this money they would pay.

Mr. SMOOT. Mr. President, the Government of the United States took the position—and the Secretary of State so testified—that it would not advance any money to Liberia so long as Liberia owed debts to any foreign countries. We must remember that as soon as Liberia declared war against Germany the German submarines attacked the Liberian ports. Prior to her declaration of war nearly all of the business of Liberia was done with Germany. Nine of the leading institutions in Liberia were operated by Germans. Liberia's whole trade, outside of the little carried on with England, France, and the very little with the United States, was transacted with Germany. Liberia declared war upon Germany. It is true that any navy that Liberia may have had and any army she may have put in the field had no effect upon the result of the war; but her position was such that at least the administration prior to the present one thought that it was the best of policy to have her declare war against Germany, and I myself think that declaration had a good effect upon the colored race in this country during the recent war.

Mr. WALSH of Montana. Mr. President—

The PRESIDING OFFICER (Mr. JONES of Washington in the chair). Does the Senator from Utah yield to the Senator from Montana?

Mr. SMOOT. Yes.

Mr. WALSH of Montana. Can the Senator tell us when Liberia declared war on Germany?

Mr. SMOOT. As I recall it was in August of 1917.

Mr. NORRIS. It was in August, 1917.

Mr. WALSH of Montana. So the transaction in regard to the loan occurred a year or more after Liberia had declared war.

Mr. SMOOT. Yes; there is no doubt as to that.

Mr. WALSH of Montana. So that Liberia was not induced to declare war by this arrangement at all.

Mr. SMOOT. Not by this arrangement, so far as I know; but the effect of her declaring war put her in a disadvantageous position so far as her former trade was concerned.

Mr. GLASS. Mr. President, may I not ask the Senator if, as a matter of fact, it did not put her in a very advantageous position?

Mr. SMOOT. No; it did not.

Mr. GLASS. The German fleet had been swept from the sea; the British fleet was dominant in all the waters of the earth; and had Liberia not declared war and had she undertaken to pursue any trade with Germany the British Navy would have interrupted that trade and would have destroyed it; so that when Liberia declared war she practically put herself under protection of Great Britain and the United States and opened the channels of trade.

Mr. SMOOT. The German submarines attacked Liberia's trade, and, as the Senator knows, her commerce fell off until it amounted to nothing to speak of; she was living within herself. Not only that, but her ports were bombarded by the submarines.

I wish to say further to the Senate that former President Theodore Roosevelt, former President Taft, and former President Wilson, in letters written by them, spoke of the advisability of this Government having close connection with Liberia; and, furthermore, I should like to say to the Senator from Ohio that it was very necessary for us to secure some of the products of Liberia found necessary during the war.

Mr. NORRIS and Mr. POMERENE addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Utah yield; and if so, to whom? The Senator from Nebraska first addressed the Chair.

Mr. SMOOT. I will yield to the Senator from Nebraska, and then I will yield to the Senator from Ohio.

Mr. NORRIS. I will yield to the Senator from Ohio, because my question does not pertain to this particular branch of the subject.

Mr. POMERENE. Mine does; and so I thank the Senator. The Senator from Utah has referred to letters written by former President Roosevelt, former President Taft, and former President Wilson. Did they in their letters have reference to this particular loan?

Mr. SMOOT. They did not have reference to this particular loan but to the advisability of close relations between the United States and Liberia.

Mr. POMERENE. They spoke generally of relations between the two countries?

Mr. SMOOT. That is what I said.

Mr. POMERENE. I would accept that view. However, I am not on the committee which has had the opportunity to study this question. I have listened to the opinion which has been expressed by the distinguished Secretary of State in declaring that there is a moral obligation, and I have heard expressed with equal positiveness the opinion of the distinguished Senator from Virginia [Mr. GLASS], a former Secretary of the Treasury, who usually informs himself before he expresses an opinion, that there is no such moral obligation. I can not, in view of these diametrically opposite opinions, come to a conclusion that is going to satisfy myself. I have come to the conclusion, however, that if a motion is made to recommit this bill I shall vote to recommit it, and I think that Senators ought to permit that to be done. If there is a moral obligation, I am going to vote for this loan; but I have got to be satisfied on that point.

Mr. SMOOT. I wish to say to the Senator that, so far as I am concerned, I feel in my very soul and being that there is a moral obligation on the part of the Government of the United States to Liberia to advance this money to her. If I, as an individual, were in the position of the Government and the same transaction had occurred between Liberia and myself, I would feel under a personal obligation to carry it out.

Mr. POMERENE. If the Senator will permit me, if I felt as he does, I should certainly vote for the joint resolution. On

the other hand, if I felt as does the Senator from Virginia, I would vote against it; all of which indicates, it seems to me, the wisdom of having the joint resolution recommitted, so that Senators who want to investigate the question shall have an opportunity to read very carefully the entire record.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Nebraska?

Mr. SMOOT. I yield.

Mr. NORRIS. I desire to ask the Senator a question as to another phase of the subject. I understand that there was advanced out of the Treasury of the United States \$26,000 to pay the expenses of a delegation from Liberia to the peace conference. Is that to be repaid to our Government out of the proposed loan to Liberia?

Mr. SMOOT. Every indebtedness incurred by Liberia in relation to this loan is to be paid out of the money appropriated by the joint resolution.

Mr. NORRIS. Am I correct in my information that we did pay out of the Treasury of the United States the expenses of the Liberian delegation?

Mr. SMOOT. I can not tell the Senator whether that is the exact amount or not.

Mr. NORRIS. There was a delegation here from Liberia?

Mr. SMOOT. Yes; but I do not know—I can not say as to the amount our Government paid.

Mr. GLASS. The record shows it very clearly, Mr. President. The record shows that we paid \$26,000 for the expenses of that delegation to the peace conference; and I have said, and I repeat, that it is the only commitment made by this Government that I think can not be justified.

Mr. NELSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Minnesota?

Mr. SMOOT. Yes; I yield to the Senator.

Mr. NELSON. If the Senator will allow me, in the report sent up by the Treasury Department to the Judiciary Committee, containing all the data they had in the departments in reference to these foreign loans and commitments, there was this item for Liberia—\$26,000, I believe. That was actually advanced to pay these expenses, and the Treasury Department so reported.

Mr. SMOOT. Mr. President, I said that I had not seen any papers in which it was stated positively that that advance was made; but, be that as it may, whatever advances have been made by the Government will come out of the \$5,000,000 loan. There is no question about that.

Mr. President, yesterday the statement was made that this was simply a gift to the bankers in New York. I do not think a statement of that kind ought to be made upon the floor of the Senate. There is nothing to justify it. I feel just as positive as that I live that no such thing is ever going to happen. If this loan is made to Liberia, she will have to give a first mortgage, as it were, upon Liberia to the Government of the United States. No obligations will be left unpaid, and whatever there is over and above the obligations now owed by Liberia between the amount owing and the advance of \$5,000,000 will be expended by Liberia, I think, in a way that will ultimately result in an increase in the commerce of the United States. While that need not be taken into consideration in deciding how we shall vote on this joint resolution, I think it is worthy at least of passing notice, and it is only carrying out the desires expressed by the last four Presidents of our country.

Therefore, Mr. President, apologizing to the Senate for occupying this length of time, I will close by simply saying that I hope this joint resolution will become a law.

Mr. NORRIS. Mr. President, I am somewhat amazed and astounded that any Senator should oppose the granting of this paltry sum of \$5,000,000 to Liberia for the great efforts she put forth and the great results she accomplished in winning the World War.

How soon we forget! Senators have forgotten, when we were in the midst of that terrible struggle and President Wilson was engaged in deliberations with the Liberian Government with a view to having them come in on our side, how we all held our breath and prayed that he would be successful. It was a stroke of genius on the part of our President when he undertook to perform this masterpiece of diplomacy by getting that great Government in on our side. We seem to have forgotten it, Mr. President. When those deliberations were going on, there were going up from all parts of our country hopes and prayers that he would be successful in those negotiations. The widow whose only son had volunteered to fight on foreign soil was praying that Liberia would come in. The banker in the countinghouse, in order that his bonds and obligations might

be good, was hoping and wishing that President Wilson would be successful in convincing Liberia that our side of the cause was just. Not only was there great hope on the part of our people and all of our allies that Liberia would lend her wonderful power on our side, but there was great fear in the camp of the enemy that our President would succeed in getting Liberia in.

Liberia came in, Mr. President; and when she did there was great rejoicing everywhere. Everybody knew that the issues of the World War were practically settled. They knew that in no war in history had the Liberian hosts ever been defeated, or the Liberian Navy ever been conquered; and again the enemy shuddered with fear. The aim of the German soldier became less steady. The very foundations of the German Government began to shake in fear and trembling. The Kaiser himself turned from a dark brunette to a pale blond. His hair stood on end, and his mustache straightened out when Liberia entered the war. Rich and poor alike were rejoicing over that great accomplishment of statecraft that our President had brought about. Even the shepherd on the hills, with a heart full of rejoicing and joy, turned his face to the rising sun and cried aloud: "The world is made safe for democracy! Liberia has entered the war!"

She did not come in halfway. She put her entire army into the fray; she put her whole navy out against the German submarines; and it is a historical fact, Mr. President, that during that long and bitter struggle the banner of Liberia never once went down to defeat. Her soldiers were so well trained, her officers were so well equipped in military affairs, that never once was a Liberian soldier captured as a prisoner; and, Mr. President, within six months after she came into the war there was not a single, solitary German submarine in the rivers or the harbors of the great continent of Africa.

But Liberia did not stop at fighting the war. Her loyalty continued after it was over. She was at the peace conference at Versailles. It is true that at that time she was hard up; she did not have any money, and the expenses of that delegation were defrayed out of the Treasury of the United States.

Congress had not appropriated any money; Congress had not passed any act that authorized it; but, knowing the wonderful help and assistance that Liberia could be to America at that conference, President Wilson or some of his advisers took the money out of our strong box, sent it to Liberia, and paid their expenses—\$26,000, Mr. President. I doubt whether our President would have succeeded in getting his League of Nations over there if it had not been for the assistance of those diplomats from Africa; and think of it, Mr. President—those dark-colored statesmen from Liberia in Paris with 26,000 good American dollars in their pockets! Ah, Mr. President, in this far-away, prohibition-afflicted land, it almost makes your mouth water; it almost gives me the hiccups, Mr. President, to talk about it.

But they were successful; and now, after all of this great assistance from this great country, they have come here and said: "We want our pound of flesh," and the cry is even made: "We can not afford it. It will increase taxation." Why, Mr. President, can we overlook such a little obligation as that when the results of their labors have been so great? Can we forget so soon that they brought certain success out of what might have been absolute failure and defeat? And are we going now to say that we will not pay them this little sum of \$5,000,000?

It is true that we have some expenses at home. We have not yet paid our soldiers adjusted compensation, but our soldiers have been waiting a good while. They are used to it. They can wait a little longer. These Wall Street bankers who will get a large portion of this sum if we pay it have been waiting some time, and they can not wait any longer. There is but one course to take, it seems to me; and we ought without delay and without any hesitancy to pass this joint resolution and open up the Treasury of the United States to that great Government over in Africa that came to our relief when our Nation's very life was in danger.

Mr. SIMMONS. Mr. President, I send to the desk and ask to have read a motion which I desire now to lodge.

The PRESIDING OFFICER. The Secretary will read the motion.

The reading clerk read as follows:

I move that the pending joint resolution be recommitted to the Committee on Finance, with instructions to said committee to report the same back to the Senate with all matter stricken therefrom except the amendment proposed by the Senator from Idaho [Mr. BORAH], and agreed to, appropriating \$20,000,000 for aid for Government reclamation projects, and the amendment proposed by the Senator from Mississippi [Mr. HARRISON] relative to additional inspectors to carry out the provisions of the railroad safety appliance law of February 17, 1911.

Mr. SIMMONS. Mr. President, I simply desire to say a few words in reference to some statements made by the Senator from Utah [Mr. SMOOT].

Mr. CURTIS. I understand the motion of the Senator from North Carolina is not in order until after the third reading of the bill.

Mr. SIMMONS. The bill is in the Senate, I understand.

The PRESIDING OFFICER. The bill is in the Senate, but the Senate has not yet acted on the amendments made as in Committee of the Whole. The Chair did not understand the Senator from North Carolina to make the motion at this time.

Mr. SIMMONS. I simply wished to lodge it.

The PRESIDING OFFICER. That is what the Chair understood.

Mr. SIMMONS. Mr. President, in the remarks of the Senator from Utah he expressed the opinion that it was important to this country that we should have friendly and active trade relations with the little Republic of Liberia. He stressed the importance of that trade. He also said we had never enjoyed very much of it.

It is true, Mr. President, that Liberia seems to have pretty fair trade for a country of its size. It was brought to the attention of the Senate on yesterday that at one time, about the beginning of the war, the customs revenues of that Republic amounted to very nearly half a million dollars a year. Her indebtedness is small, and half a million dollars of revenue, with an indebtedness of probably less than \$3,000,000, creates a financial situation as favorable, I think, as the financial situation of the United States at this time, so far as its relative obligations and revenues are concerned. Before the war the bonds of Liberia were selling at a fairly good price and are now selling at a fairly good price, so that, so far as her financial obligations to the balance of the world are concerned, Liberia is in no financial distress, certainly none calling for charitable consideration of a financial character from this country.

But what I desire to say with reference to the remarks of the Senator from Utah upon this subject is this: If this loan is to be treated as in the nature of inducement to Liberia to do business with us, to enter into trade relations with us, to cut aloof from Germany and other nations with which she has been heretofore chiefly dealing, it is the first time in the history of the United States, except when we raped the Treasury to pay Colombia \$25,000,000 in order to secure her good will in trade, that the United States has ever gone into the business of purchasing with money good will and trade relationships with the other nations of the world.

I had hoped that the tragedy of Colombia would end the business of the United States buying its way into the markets of the world, but it seems that is to be revived in the case of Liberia.

An examination of the facts discloses one thing about which there can be no dispute. If we lend Liberia this money, thus enabling her to pay off and discharge all her obligations of whatever kind to all the world, to pay all of her floating indebtedness, all of her bonded indebtedness, and leave her something like \$3,000,000 to be devoted to the improvement of her rivers and harbors and other transportation facilities, if we shall do that, we will place Liberia, by reason of our munificence, in a finer financial situation than that to-day enjoyed by any other country upon the face of the earth, including ourselves. The question to my mind is whether, with an indebtedness of over \$20,000,000 pressing down upon the distressed people of this country, with a Treasury in such a state of depletion that we are unable, according to the President of the United States, to pay the soldiers who fought and won the Great War a small pittance in recognition of their services to their country, we have any right to call upon the Treasury, at a time when it is in financial straits, almost verging upon bankruptcy, to relieve Liberia or any other country of all its indebtedness, whenever or however incurred, and finance its requirements for transportation and other internal schemes of development.

Under these circumstances, unless, Mr. President, it can be shown that the United States is under a fast, binding legal obligation to do this, or under a compelling moral obligation to do it, a clear, undisputed, incontrovertible moral obligation to do it, I say, to thus tax the American people for these purposes would be a crime against a people who are to-day tax-ridden almost to the point of ruin.

Nobody questions that the Secretary of the Treasury said to these gentlemen representing the Liberian Government, "If you will do certain things, comply with certain requirements, the United States will extend you, for the purpose of the prosecution of the war, a credit of \$5,000,000."

Upon any just and proper interpretation of what that commitment meant it must be admitted that that obligation did not live a day beyond the time of the final making of peace between this country and Germany. If it was a commitment that we were in honor bound to recognize, we were not in honor bound to recognize it except upon the happening of two conditions: First, the compliance by that country with the conditions and terms imposed by the Secretary of the Treasury; secondly, a compliance within the time limit.

Shall it be said that a commitment of that kind has no limitation of time, especially when the commitment is to accomplish a definite and a specific purpose? I contend that whatever obligation there was, therefore, that obligation expired when the purposes for which that obligation was entered into had expired and terminated, and did not live a day longer.

I want to make only one further observation. Administrative officers are in the habit, as the present Secretary of State has done in this case, of going forward and entering into agreements with foreign governments involving the expenditure of large sums of money on the part of the Government of the United States, and then coming to Congress and asking that Congress shall ratify and approve those commitments. If Congress shall fall into the practice, whenever one of these administrative officers has committed the Government, as it is contended the Government was committed in this case, of saying, because an administrative officer has made a commitment, that we are under a moral obligation to see that the thing which he has agreed to do is done and the Congress must sanction it, we shall establish in this country a practice of the most dangerous character, and for that reason I do not want to see any such practice established. I want it distinctly understood, when an administrative officer makes an agreement or an understanding that he is not authorized by the law to make, that he does not by that act obligate the Congress of the United States to its ratification; that it comes to us to be determined and decided upon its merits, and not upon the theory of some obligation.

Here we have an illustration of the danger of that proposition. The facts in this case are so vague, uncertain, and indefinite that men differ as to whether there was any commitment at all which was justified and warranted under the law, and whether that commitment created a moral obligation or not.

We have this joint resolution here and we have the insistence of its proponents that we shall pass it and appropriate the money without regard to the merits of the commitment and the transaction. That is the position of Senators on the other side. "Do not analyze the facts in this case. Do not bother yourselves about whether the loan ought to be made in the public interest or not. Do not trouble yourselves about any fact connected with the transaction, but blindly, and without the exercise or the approval of your judgment as to whether the thing is in the public interest, vote this enormous sum of money out of the pockets of the people." I do not wish us to be put in that position. I want it to be understood that whatever the obligation to which the administrative officers may seek to commit the Government, when it comes to the question of whether we shall approve of that or not, we shall not act upon any theory that we are compelled to do it, because it has been promised, without reference to the merits of the case or the authority to make the promise or commitment. I undertake to say that if the question were to be tried upon its merits, as it ought to be, I do not believe there are a half dozen Senators in the Chamber who, upon investigation of the facts, would have any doubt that the measure ought not to pass.

The PRESIDING OFFICER. The Chair was not passing on that question. The Chair was simply suggesting that the amendments made as in Committee of the Whole have not yet been concurred in in the Senate.

Mr. SIMMONS. I understand the motion is not in order until the amendments have been agreed to in the Senate. That is undoubtedly correct.

Mr. HEFLIN. Mr. President, the distinguished Senator from Tennessee [Mr. McKELLAR] called attention on yesterday to the fact that there were a whole lot of offices to be created in connection with the proposed loan. I have figured up the number, with the salaries. They are as follows: A financial commissioner, at \$15,000 a year; a deputy financial commissioner, \$10,000; an auditor, \$6,000; 10 administrative assistants, at \$4,000 each; 10 others, at \$3,000 each; aggregating \$101,000 a year, and the United States Government is to pay the money. That is, we are putting up the \$5,000,000, and the \$101,000 a year will be paid out of that money. It creates a nice junketing

arrangement for quite a lot of fellows who will be appointed to office.

Mr. McKELLAR. Mr. President—

Mr. HEFLIN. I yield to my friend from Tennessee.

Mr. McKELLAR. I call the attention of the Senator to the further fact that, as disclosed by the record, the revenues of the Liberian Government in 1921 amounted to \$163,000. I imagine they have to spend some money for their own Government. After spending money for their own Government, I am wondering where they are going to get the money with which to pay these salaries. Of course, if the United States appoints the officers, it must pay them. Even if the Liberian Government is not able to pay them, of course the American Government has to pay them. So we find in addition to the \$5,000,000 that we are putting a permanent charge upon the Treasury of the United States of over \$100,000 a year, and as we know how these bureaus constantly grow, within a few years it will undoubtedly put a charge upon the Treasury of the United States of probably a quarter of a million dollars a year to pay salaries.

Mr. HEFLIN. I thank my friend from Tennessee for his suggestion.

Mr. OWEN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Oklahoma?

Mr. HEFLIN. I yield.

Mr. OWEN. I observe that the joint resolution has been amended so that the commission of \$650,000, which it has been suggested will be due from the Liberian Government, shall not come out of the \$5,000,000; but there appears to be no reason why the Liberian Government itself, if left in control of its own resources, should not use those resources to liquidate the indebtedness due under the contract of commission which has been suggested here.

Mr. HEFLIN. Absolutely. What right have we to say to them what they shall do with the \$5,000,000 if we let them have it?

Mr. McKELLAR. It is proposed by the contract which they have that the New York creditors, who are made the preferred creditors, shall be paid direct by our Government, and our Government is directed to pay them.

Mr. OWEN. But after that has been done, I take it under the amendment adopted here to-day, no part of the \$5,000,000 could be used to pay the \$650,000 which was to be paid by Liberia under the proposed contract. But I do not know of any reason why the revenues of Liberia might not be used to liquidate the contract which has apparently been entered into. I do not see why we should not cause an examination to be made of the contract. I would like to see the contract. I want to know who is behind the measure and I want to know what is going to become of the \$650,000. If there is such a contract in existence, if it is true that William H. Lewis, of Boston; Emmett J. Scott, of Washington; James A. Cobb, of Washington; Ernest Lyon, of Baltimore; and William L. Houston, of Washington, have a contract of this kind with the Liberian authorities, I think we have a right to know it.

Mr. HEFLIN. I agree with the Senator.

Mr. SMITH. What is the nature of the contract?

Mr. OWEN. That they shall receive a commission out of the \$5,000,000.

Mr. McKELLAR. I call the attention of the Senator to the fact that the revenues of Liberia are negligible and they can not pay anything out of the very small revenues which now come from that source. Just think of it a moment. The interest on the \$5,000,000 loan is more than the annual revenues of Liberia.

Mr. OWEN. But, as I understand it, our security from the Liberian revenues will be affected by the obligation of \$650,000 if the contract is an existing fact, and yet we are willing to pass the joint resolution without ascertaining whether it is an existing fact. I want these men summoned. I want them to state whether there is a contract of this kind or not.

Mr. HEFLIN. Mr. President, the Senator from Oklahoma is eminently correct. We, as the representatives of the people in this body, ought to have this information. I want it just as he wants it, and I can not understand why Senators are driving this measure through and will not permit us to have a proper hearing—a hearing that will give us the facts in the case.

I want to suggest this thought to the Senate. I do not know when the Finance Committee ever acted on the measure and reported it favorably. There are members of that committee on the floor of the Senate to-day who do not recall that a meeting was ever had for the consideration of this measure. That is a rather strange and serious situation. I remember that yesterday the Senator from North Carolina [Mr. SIMMONS], rank-

ing Democrat on that committee, had no knowledge of the Finance Committee ever acting.

Mr. SIMMONS. No recollection.

Mr. HEFLIN. Yes; no recollection. How did the measure get in here? When was a meeting held? What hearings were had, and how did the joint resolution ever slip into the Senate with a favorable report when members of the Finance Committee do not know when action was had? The more we discuss the matter the worse it gets.

The Senator from Utah [Mr. SMOOT] is very serious in contending that we ought to pass the measure because it is a moral obligation growing out of the Wilson administration. It is really touching and pathetic to see the Senator from Utah and some others speaking seriously of living up to an obligation created under the Democratic administration. I remember that in the national convention of his party in session in Chicago in June, 1920, the senior Senator from Massachusetts [Mr. LODGE] delivered the keynote address. He said among other things, "We are going to wipe out the last vestige of the Wilson administration." Here is a vestige that you are charging to us, and we are trying to help you wipe it out, and you will not let us do it. That is a queer situation, Mr. President.

They want us to live up to a so-called moral obligation. I say again there is no moral obligation on our part. This Government under President Wilson said to Liberia during the war, "If you will do certain things, the loan will be made to you." Liberia did not comply with those conditions. The war ended. The Wilson administration passed out, to the hurt and injury of everybody in the country, and a new administration came in. The new administration, through some suggestions and influences at work in the Government, has taken up the matter with Liberia, and now, in order to excuse this monstrous thing, are hooking it back onto the Wilson administration. As a Democrat I repudiate it. It is in no way a moral obligation growing out of the preceding administration.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Tennessee?

Mr. HEFLIN. I am glad to yield to my friend from Tennessee.

Mr. McKELLAR. In connection with what the Senator now says I want to quote from the testimony of Mr. Dearing, as published in the report of the hearings. Congressman FREAR was examining him:

Mr. FREAR. That was, as I say, just prior to the end of the war. Nothing more was done regarding the loan until June, 1920, by Liberia, and the reason advanced, as I get it from the record, is that the conditions or terms imposed were not satisfactory and Liberia refused to take action until 1920, in June. That was over a year and a half after the conclusion of the war.

Mr. DEARING. Yes, sir.

That shows that Liberia refused to take the loan during the war or to meet the conditions by which she could obtain the loan during the war, and did not bring the matter up, did not even make an application for any loan until June, 1920, or some year and a half after the war was over.

Mr. HEFLIN. If any Senator needed any evidence to convince him that the pending measure is not justified, the testimony just read by the Senator from Tennessee would do it. A year and a half had gone by after the war had ended, and here was a witness who testified before the committee in behalf of Liberia and who stated that Liberia refused to comply with conditions laid down by that administration, which was the Wilson administration.

What justification can there be for Senators solemnly voting to appropriate this money when our people are debt ridden and tax ridden, as the Senator from North Carolina has pointed out? Where will this thing stop? I have seen three groups of special interests come here and take money out of the Public Treasury since the Republican Party has been in power. The pending measure and the ship subsidy are the two remaining ones. It now remains to be seen whether Senators will vote to take these two sums out of the Treasury in order to satisfy these special interests.

Do you not know, Mr. President, and do not other Senators know that but for the Wall Street interests which are connected with the Liberian loan we never would have heard of it in this body; and but for the millions that the Shipping Trust expects to make out of the ship subsidy bill we should not hear of a ship subsidy in this Congress?

However, I am not going to detain the Senate further. I wish merely to submit this statement in conclusion. The pending joint resolution ought to be recommitted. The Senator from Oklahoma [Mr. OWEN] has raised some points which ought to be considered. We ought to have hearings right on

the point which the Senator has raised; there ought to be an investigation along that line. The able and distinguished Senator from Ohio [Mr. POMERENE] has stated that he would have to vote against the proposition, or that he felt inclined to do so, unless he could be satisfied in reference to certain points. Why not satisfy him? Why not let Senators investigate the matter? There is some doubt as to how the joint resolution came into the Senate from the Finance Committee. I submit, mysterious as it is, some suspicious things being connected with it, we ought to have an opportunity very thoroughly to investigate the measure before we pass it through this body. It ought either to be recommitted or defeated outright. It should not become a law by the action of Congress.

Mr. OWEN. Mr. President, I notice that there is no Senator listening to the argument, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Oklahoma suggests the absence of a quorum. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ball	Gooding	Nelson	Smoot
Bayard	Hale	Nicholson	Stanfield
Broussard	Harrell	Norris	Stanley
Cameron	Harrison	Overman	Sterling
Capper	Heflin	Owen	Swanson
Caraway	Jones, Wash.	Page	Townsend
Culberson	Kellogg	Pepper	Underwood
Cummins	Keyes	Pittman	Wadsworth
Curtis	Ladd	Pomerene	Walsh, Mass.
Dial	Lodge	Ransdell	Walsh, Mont.
Edge	McCumber	Rawson	Warren
Ernst	McKellar	Sheppard	Willis
France	McKinley	Shorridge	
George	McNary	Simmons	
Glass	Myers	Smith	

The PRESIDING OFFICER. Fifty-seven Senators have answered to their names. A quorum is present.

Mr. SMITH. Mr. President, I have been interested in watching the peculiar features of the debate on the pending measure. We are afforded the spectacle of a Republican majority insisting that it is their duty to see that a moral obligation, alleged to have been assumed by a Democratic administration, shall be carried out. They do not bring any proof as to the moral obligation having been assumed in a national sense by the Democrats. If the Republican Party in good faith had substantial and incontrovertible proof that while the Democrats were in control of the Government they committed the Government to a solid moral obligation, we could understand why they should stand up and rebuke us if we attempted to repudiate it when the administration had shifted into the hands of the Republicans; but they have brought no such proof. On the other hand, certain members of the former Democratic administration who are alleged to have entered into and become the agents through whom the obligation was incurred, men of undoubted character and integrity, have risen here and declared that no such obligation exists. It is just such proceedings as this which cause the American people, when they analyze the situation, to doubt the serious integrity of this body when it comes to the fulfillment of the solemn obligations which rest upon us as Senators of the United States.

It can not be said that the difference which exists between the other side of the Chamber and this side of the Chamber is based upon a relation that the Government has assumed by virtue of any promise made which has appealed to the intellect of all Senators on the other side of the Chamber in one way and to all on this side in another way. Therefore the reason for the advocacy of this measure must be found in some other than a moral obligation.

I, for one, should feel as though I were bound to give serious consideration to the indebtedness of the Republic of Liberia had the debt which we are asked to furnish the money to liquidate been incurred subsequent to her negotiation with this Government; but these obligations all antedate even the outbreak of the war. They are obligations which were incurred before ever the world had entered into the war or had any suspicion that a war would be engaged in. There is not a scintilla of evidence to show that the Liberian Government rendered any assistance whatever in the prosecution of the war. However, that has all been gone into in minute detail. As there is not only serious doubt about the matter, but not a scintilla of evidence to show any moral or legal obligation on our part to pay the Liberian indebtedness, suppose we assume that we are guardians of the Republic of Liberia—and I believe that Senators on the other side claim some such attitude on the part of the American Government—and waiving the moral and legal obligation, let us look at the matter from the standpoint of a business venture.

We propose now to fund the indebtedness of the Republic of Liberia. We are the guardians of the money of the people of America. When we have taken the bonds of that Government in lieu of the money that we give them, and allow them to retire the bonds that are now outstanding against them, and the floating debt, the internal funded debt, what assurance have we that we will ever get a nickel of it back even then?

I have before me here the facts as alleged from the statistical department. The total revenue of the Liberian Government in 1920 was about \$260,000. The amount that we propose to lend the Liberian Government is \$5,000,000, at 5 per cent, which means \$250,000 annually. The board of officers that we propose in the law to make the administrative officers for this Government to see that the terms upon which we lend the money are carried out carries with it \$100,000. This makes a total of \$350,000 for the bare items of interest and salary of the administrative officers appointed by this Government, leaving a deficit of something like \$100,000 from the total revenue of the Liberian Government in meeting the expenses of administration and interest on the bonds. There is no one but that knows that in the ordinary execution or administration of the laws of Liberia perhaps half of that revenue will be required; so that, brought to its last analysis, it means that the other side of the Chamber is proposing without rhyme, reason, legal obligation, moral obligation, or any kind of a business obligation, to make a present to the Government of Liberia of \$5,000,000 out of the Treasury of the United States without ever intending to get back one penny of it.

It is needless for me to go into any of the details. This side has challenged the other side to point to the document that renders the obligation a moral one. This is an old indebtedness, held by foreigners. We have not even the official statement and the itemized account as to who holds this Liberian indebtedness. The Senator from Utah says that it is principally held by foreign governments, and that only \$58,000 of it is held by citizens of America. We have his statement, and doubtless he believes that the statement given him is right; but what official facts have we to show that it is right? Even if we did have, that does not enter into the merits of this question at all. The question for us is, Have we a moral obligation or a legal obligation to carry out this contract? That would answer the question if the proof were forthcoming.

As a business proposition it might appeal to us if it was good business for a foreign account; but it is not a business proposition, it is not a moral obligation, it is not a legal obligation. Then why do we go into the Treasury of the United States and take \$5,000,000 and turn it over to this Government?

If the advocates of this measure would be honest and come out and say "It is for the purpose and the sole purpose of marshaling the negro vote in this country, as we will sorely need it in 1924," and do it openly and aboveboard, I think they would perhaps muster more votes in certain quarters than they will get now. That is my opinion—that it is purely a piece of politics, playing to the colored vote by catering to their Republic and giving it \$5,000,000 out of the Treasury of the United States.

Regardless of color, regardless of what the nationality might be, if we were under moral obligations to carry out a contract, do you not suppose that amongst these on this side there would be found men whose moral sense is as acute as yours? If there were a legal obligation, do you not suppose that you would find men on this side whose sense of legal obligation would be as acute as yours? If it were a business proposition, do you not suppose that there would be men on this side as acutely alive to a business proposition as those on the other side? And yet the line of demarcation along political lines is going to determine this vote.

This matter has been before the Congress now for several weeks, and there should have been presented incontrovertible arguments that would force us to recognize whatever obligation there may be; but I state here this afternoon that it is my opinion that this is pure, unadulterated politics, costing this country \$5,000,000.

During all the discussion of the unfortunate affair from Michigan I never referred to it; but the people of the State of Michigan and the American people have set their seal, in a manner that saddens me for the parties interested, against the use of money, even private money, in an attempt to control the votes and politics of this country; and they will rebuke the party that without any reason other than a political reason will go into the Treasury of the United States and take \$5,000,000, and, under the guise and camouflage of a moral obligation coming from another party, will seek to entice the votes of the colored people of this country.

Mr. President, I want to say in conclusion that we as Democrats and you as Republicans can play the game without involving moral or official turpitude. We can do that. You have that by which you can appeal to the people of this country, and we have that by which we hope to appeal to them. It is not to the credit of the Republican Party or to the credit of the Senate of the United States that there is seriously discussed in this body a question so flagrant as this question. Do you not suppose that the American people know why this Liberian loan is here and why we are asked to pay \$5,000,000 to the Liberian Government? Not one man in ten thousand believes that we are under any obligation to pay them a nickel. Not one man in fifty here believes that we are under any obligation to pay them; but political exigency is here. Nineteen hundred and twenty-four is approaching, and \$5,000,000 spent in this way might count at that time. It does not augur well for the United States Senate; it does not augur well for doing away with the spirit of unrest that is abroad in the land; and I hope that if this matter shall come to a vote a rebuke will be given to this proposition by this body that will reflect credit on the sitting Members here.

The PRESIDING OFFICER. The question is on concurring in the amendments made as in Committee of the Whole.

The amendments were concurred in.

Mr. SIMMONS. Mr. President, I send to the desk a proposed unanimous-consent agreement, which I ask to have stated.

The PRESIDING OFFICER. The Secretary will read the proposed unanimous-consent agreement.

The reading clerk read as follows:

It is agreed by unanimous consent that at not later than 2.30 o'clock p. m. on the calendar day of Monday, November 27, 1922, the Senate will proceed to vote without further debate upon any amendment that may then be pending or that may be offered in the Senate, and immediately thereafter upon the passage of the joint resolution (H. J. Res. 270) authorizing the Secretary of the Treasury to establish a credit with the United States for the Government of Liberia.

Mr. CURTIS. Mr. President, it was understood that there would be a provision in reference to a vote on the motion to recommit.

Mr. SIMMONS. Yes; I ask that that be added.

Mr. CURTIS. The Senator might say "all amendments and all motions."

The ASSISTANT SECRETARY. After the words "or that may be offered in the Senate" insert:

And immediately thereafter upon any motion or motions that may be made to recommit the said joint resolution to the Committee on Finance.

Mr. SIMMONS. "With or without instructions."

Mr. OWEN. Mr. President, what hour is suggested?

The PRESIDING OFFICER. Two-thirty o'clock p. m.

Mr. OVERMAN. The joint resolution will remain the unfinished business until the vote is taken?

Mr. CURTIS. Certainly; and I may state, for the benefit of the Senate, that I understand that it will be almost impossible to have a quorum to-morrow, and if this unanimous-consent agreement is entered into I shall ask unanimous consent that when the Senate adjourns to-day it stand adjourned until Monday at 12 o'clock.

Mr. SIMMONS. I suppose it is necessary that we shall have a quorum for the purpose of passing on the proposed unanimous-consent agreement. I therefore make the point of no quorum.

The PRESIDING OFFICER. The Senator from North Carolina suggests the absence of a quorum. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Bayard	Frelinghuysen	McNary	Smith
Borah	George	Myers	Stanfield
Broussard	Glass	Nelson	Stanley
Cameron	Gooding	Nicholsen	Sterling
Capper	Hale	Norris	Swanson
Caraway	Harrison	Overman	Townsend
Culberson	Hefflin	Owen	Underwood
Cummins	Jones, Wash.	Page	Wadsworth
Curtis	Kellogg	Pepper	Walsh, Mass.
Dial	Keyes	Ransdell	Walsh, Mont.
Edge	Ladd	Sheppard	Willis
Fletcher	McKellar	Shortridge	
France	McKinley	Simmons	

The VICE PRESIDENT. Fifty Senators having answered to their names, a quorum is present. The Senator from North Carolina [Mr. SIMMONS] proposes a unanimous-consent agreement, which the Secretary will read for the information of the Senate.

The Assistant Secretary read as follows:

It is agreed by unanimous consent that at not later than 2.30 o'clock p. m. on the calendar day of Monday, November 27, 1922, the Senate will proceed to vote without further debate upon any amendment that may then be pending or that may be offered in the Senate to the resolution (H. J. Res. 270), and immediately thereafter upon any motion or motions that may be made to recommit the said joint reso-

lution, either with or without instructions, to the Committee on Finance; and, in the event that no such motion shall prevail, the Senate will, without further debate, proceed to vote upon the passage of the said joint resolution (H. J. Res. 270) authorizing the Secretary of the Treasury to establish a credit with the United States for the Government of Liberia.

The VICE PRESIDENT. The question is on entering into the unanimous-consent agreement. Is there objection? The Chair hears none, and it is entered into.

ADJOURNMENT TO MONDAY.

Mr. CURTIS. Mr. President, I ask unanimous consent that when the Senate concludes its business to-day it adjourn to meet on Monday next at 12 o'clock.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

ADJOURNMENT.

Mr. CURTIS. As no Senator rises to present further business, I move that the Senate adjourn.

The motion was agreed to, and the Senate (at 2 o'clock and 50 minutes p. m.) adjourned until Monday, November 27, 1922, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES.

FRIDAY, November 24, 1922.

The House met at 12 o'clock noon, and was called to order by the Speaker.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, infinite in righteousness, boundless in mercy, and perfect in law, to Thee we come. In our breasts is the hymn of praise and the silent chant of adoration. O let Thy blessed Spirit find its way into our hearts, there to nourish those virtues which were taught and exemplified by the Divine Teacher of men. Let us labor this day with wise energy and be glad with a new joy. Lead us in Thy light that we falter not. As the mornings come and the evenings die away give us to feel that they are bringing us nearer the haven of eternal truth and eternal love. Through Christ. Amen.

The Journal of the proceedings of yesterday was read and approved.

APPROPRIATIONS FOR MILEAGE, ETC.

Mr. MADDEN. Mr. Speaker, I ask unanimous consent to call from the Speaker's table the bill (H. R. 12859) making the mileage appropriations available, and ask that the House agree to the Senate amendment providing for the Senate pages.

The SPEAKER. The gentleman from Illinois asks unanimous consent to take from the Speaker's table the bill referred to, with a Senate amendment. The Clerk will report the bill by title.

The Clerk read as follows:

A bill (H. R. 12859) to provide certain expenses incident to the third session of the Sixty-seventh Congress.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the Senate amendment.

The Senate amendment was read.

Mr. MADDEN. Mr. Speaker, I move that the House agree to the Senate amendment.

The motion was agreed to.

NO QUORUM—CALL OF THE HOUSE.

Mr. GREENE of Massachusetts. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Massachusetts makes the point of order that there is no quorum present. It is clear that there is no quorum present.

Mr. GREENE of Massachusetts. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The SPEAKER. The Doorkeeper will close the doors, the Sergeant at Arms will bring in the absentees, and the Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

Almon	Black	Burroughs	Chandler, N. Y.
Anderson	Bowers	Burton	Chandler, Okla.
Andrew, Mass.	Brand	Byrnes, S. C.	Christopherson
Ansorge	Brennan	Byrnes, Tenn.	Clague
Anthony	Brooks, Ill.	Cable	Clark, Fla.
Barbour	Brown, Tenn.	Campbell, Kans.	Classon
Barkley	Browne, Wis.	Campbell, Pa.	Clouse
Bell	Burke	Cantrill	Cockran